



2010/2011

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OFFICE OF THE MUNICIPAL MANAGER
INGWE LOCAL MUNICIPALITY

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Mayor's foreword



It is a great pleasure and honour for me to present the 2010/11 Ingwe's annual report to all our stakeholders within the area of jurisdiction and abroad. The annual report will illustrate the activities performed during the year; these include the successes, challenges and proposed methods to improve service delivery. The year felt very short all municipalities were preparing for the local government elections that took place in May 2011. Just like other municipalities the Ingwe municipality has experienced changes in the leadership i.e. the new Councillors assumed office during the 4th quarter of

2010/11 (1st June 2011).

The preparation of the annual report is a legislated mandate in terms of the Municipal Finance Management act no.56 of 2003, all municipalities are expected to complete the annual reports and adopt them within 9 months after the end of the financial year. This annual report is aiming at fulfilling the legal requirement and will amplify the following:

- Provide a record of the activities of the Ingwe municipality during the 2010/11 financial year
- Provide a report on performance against the budget of the municipality
- Promote accountability to the local community for the decisions made during the year under review

Despite all the challenges being experienced as a rural municipality, we are proud that with the little we have we are able to do our best in ensuring service delivery. As an institution we have continued our commitment to sponsor youth programmes, because we strongly believe that they are our country's future. The annual report will further take you to all our important activities that were implemented by our municipality in order to ensure that all people benefit without experiencing any form of discrimination.

Please accept my appreciation for the support from the Deputy Mayor, Speaker, Chief Whip, Executive Committee members and all other councillors for their assistance in achieving our goals. The Municipal Manager and their staff must also be commended for their hard work and dedication to achieve the vision of our government and the plan to make local government work that as promised in our manifesto.

Thank you,

Cllr NP Luzulane

Mayor

Municipal Manager's foreword



The 2010/11 financial year has been prestigious in the local government sphere since there has been fundamental transformation in the leadership impacting from the elections that took place on the 18th May 2011, whereby all local communities were exercising their right to vote. After the elections another set of internal elections took place in order to ensure compliance with the Local government municipal structures act no 117 of 1998, this includes the election of the following executive members i.e. Speaker, Mayor and Executive Committee. Though the

elections took place the Ingwe municipality was fortunate since most of our Executive members were serving at executive level before the elections, this meant that continuity and competency amongst the leadership proceeded without compromising the past plans of service delivery.

It is a great honour for me to present to you this prominent annual report for 2010/11 financial year. This report is compiled in line with the legislative requirement of the Municipal Management Act no 56 of 2003 (chapter 12) and Section 46 of the Municipal Systems Act no. 32 of 2000. Ingwe municipality is a rural municipality which is heavily dependent in grants in order to address the community needs within the area of jurisdiction. There is high levels of social and economic backlogs that the institution is mandated to address. This report is aiming at informing stakeholders with service delivery outcomes and provides feedback on performance against the target performed during the year, in order to ensure transparency and accountability is attained.

There has been a number of interventions that the municipality has passionately continued to deliver to the local municipal communities and this includes health campaign, social development programmes, infrastructural developments, community facilities and institutional development, during the last financial year I promised that the office of the municipal manager will employ the Manager IDP/ PMS Manager and indeed that has been effected .

Through the above mentioned initiatives the municipality has delivered services utilising both internal raised and external funds (grants), which are very limited in order to address vast challenges within Ingwe municipal area. With these short words I would like to thank my Principals (Mayor, Deputy Mayor, Speaker, EXCO and all Councillors) as well as the Management team for the selfless commitment and dedication to your work, without you guys it would be impossible to attain our institutional goals.

Regards

Mr. GM Sineke

MUNICIPAL MANAGER

1.1 INTRODUCTION

The annual report is a statutory requirement in terms of the Local Government: Municipal Finance Management Act, 2003. Local Government: Municipal Systems Act, 2000 also required that a performance annual report be submitted and we have chosen to have one report that shall encompass the performance annual report. The annual report is presented to Council in January and also presented to the public. The annual report covers the financial year, 2010/2011.

1.2 OVERVIEW OF THE MUNICIPALITY

a) *Municipal Geography.*

The Ingwe Local Municipality is situated on the Southern parts of KwaZulu-Natal, and is one of the local municipalities that fall under the Sisonke District Municipality, which borders on the Eastern Cape and Lesotho. It is approximately 1970km² in extent, which makes the second largest municipality within the District bordered by Umzimkulu and Ubuhlebezwe to the south, Richmond and Msunduzi to the west, Impendle to the north and KwaSani to the East. The Municipal Head Office is located in Creighton 112 km southwest of Howick and 176 km northeast of Kokstad. The Ingwe Municipal area is demarcated into ten wards.

The Municipality has three nodes that perform different functions, that is,

- Creighton - municipal head office
- Bulwer - commercial and services node
- Donnybrook - commercial

All the three nodes are underdeveloped. The growth of Creighton is further hampered by its location on a tertiary road that is not easily accessible to the entire municipal population. Bulwer and Donnybrook are located on a secondary provincial road R617 that links Ingwe local municipality with all its neighbouring municipalities of Ubuhlebezwe KwaSani and Msunduzi. The rest of the municipal area consists of Tribal areas, which dominate the area, namely; Madzikane-Bhaca T.A, Isibonela Esihle T.A, Amakuze T.A, Sizanani T.A, Umacala-Gwala T.A, Zashuke T.A, Qadi T.A, Bidla T.A, Vukani T.A, Amangwane T.A, and Vezakuhle T.A. There are also a number of rural settlements within the above traditional areas where the majority of the population is resident.



Map 1: Ingwe Local Municipality

Creighton is a mere 60 minutes' drive to the Capital City Pietermaritzburg. It is also a preferred drive through en route to the Drakensberg, presenting opportunities for tourism development in the area.

b) Demographic Profile:

According to the latest Community Survey, the Ingwe Municipality had an estimated population of 114 120 in 2007 (Stats South Africa 2008:12) Global Insight estimated the population at 140,302 in 2009, showing a growth of 3,602 in the period 2006 to 2009.

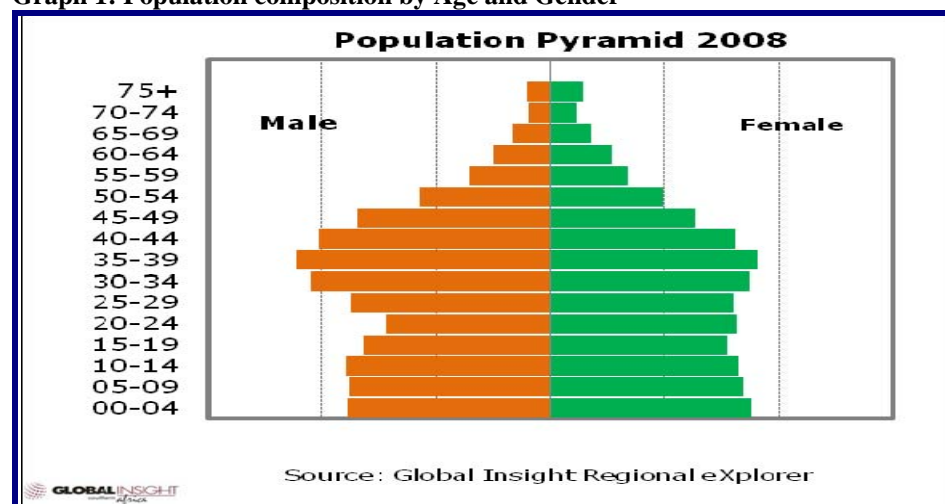
Basic facts	Basic figures
	2009
Total population	114 120
Total number of households	21 953
Ingwe population as % of Sisonke District Municipality	24%
% of total population urbanized	19%
total population living in rural areas	81%
Age profile	
0-4	13 992
5-14	34 505
15-34	34 034
35-64	20 680
65+	5345
Unemployment (% of income earning	29%

Basic facts	Basic figures
	2009
population)	
HIV/AIDS rate	KZN: 38.7 % Provincial average SDM: 35.8 % Antenatal Survey

c) Population composition by age and gender:

The graph below indicates that there were more people between the age of 35-39, for both females and males in 2008. The graph also shows a decrease in the population group of 15-19 years, for both males and females as well as in the group of 20 – 24 years. It is encouraging to see a significant number of children between the ages of 00 – 04 years as well as 05 – 09 years making up 17.5% of our population, indicating a positive impact of the various interventions directed at children such as the Early Childhood Programmes. There were more females than males in the population group of ages over 75. The population group over 65 indicates a potential need for the provision of old age homes for the elderly.

Graph 1: Population composition by Age and Gender



Source: Global Insight Data 2008

VISION

The vision of the municipality was reviewed in the review of the IDP (20/2010) as follows:

“Ingwe municipality will provide basic, quality and affordable services to all its communities in a transparent manner and promote socio-economic development whilst protecting the environment”.

MISSION STATEMENT

The mission statement was developed in the second review of the IDP (2009/2010) as follows:

“Ingwe will achieve its vision and strategic development goals by strengthening its working relations with its communities, other municipalities, sector departments, funders of development and investors and by promoting good governance and adherence to legislation, while encouraging innovation and creativity”.

Overview of Municipal Objectives

The aim is to facilitate increased accountability among the citizens, political and administrative components of the municipality, facilitate learning and improvement through enabling the municipality to employ the best approaches for desired impact and improve service delivery.

Provide early warning signals in case of a risk against implementation of the IDP and ensuring that the system itself makes provision for Council to be timeously informed of risks for facilitation and intervention. Facilitate decision-making through an appropriate information management mechanism enhancing efficient, effective and informed decision making, especially in allocation of resources.

CORE VALUES

- Commitment to the national and provincial priorities
- Committed to intergovernmental relationships
- Commitment to the social and economic upliftment welfare and safety of all
- Committed to honesty, integrity and sound work ethics
- Accountable and responsible for sound governance
- Proactive and responsive and the requirements our clients
- Participate and transparent in our approach
- Innovative and forward thinking in all service delivery solutions
- Committed to fair and equitable labour practices
- Committed to capacity building and transferring or developing skills
- Committed to a health and safe environment

Chapter 2

PERFORMANCE HIGHLIGHTS

Performance Highlights for the year

This report provides a brief narrative of all services provided by the municipality, and includes performance targets for the year under review. It aims at reporting on the progress made towards eliminating backlogs and improving service delivery as a whole in the midst of the various challenges faced by this medium capacity municipality.

The 1st quarter assessment took place on the 30th September 2010 in Creighton, wherein the municipal manager together with all section 57 managers reporting directly to him were scored against set performance targets for the period 01 July 2010 to 30 September 2010.

The 2nd quarter assessment took place on the 24th January 2011 in Bulwer, wherein the municipal manager together with all section 57 managers reporting directly to him were scored against set performance targets for the period 01 October 2010 to 31 December 2010.

The 3rd quarter assessment took place on the 21st April 2011 in Creighton. This assessment was verbal as performance of the 2nd quarter was satisfactory in comparison to the targeted performance.

The 4th quarter assessment took place on the 12th of August 2011 in Creighton, wherein the municipal manager together with all section 57 managers reporting directly to him were assessed for the full year performance targets.

On all quarters performance feedback was based on the employers assessment of the employees performance and reasonable changes to the provisions of the performance plan were made from time to time. The resignation of the CFO towards the end of the second quarter provided a challenge of reviewing the financial performance information for the institution, the CFO position remained vacant for the rest of the financial year.

Improvement plans for (2011/12)

The municipality has the shortage of staff i.e. human resources i.e. most of our departments within the municipality are understaffed and this poses a challenge in addressing the challenges, this means that the municipality has very limited capacity

Cooperation is still a challenge i.e. level of engagement between departments to discuss strategic issues is very limited i.e. during strategic planning at times there is no full attendance by the relevant people (members being absent etc).

The SDBIP, IDP & Budget still require more alignment since major amendments were only effected in the Performance Management System. (PMS).

- **The improvement measures to address the challenges experienced during the 2010 / 11 financial year:**

The municipal strategic planning sessions will be utilized more effectively and attendance will be enforced. Also all departments will be visited towards the end of each quarter by the IDP/PMS Manager & the Internal Auditor to ensure that the quarterly and the internal auditor's reports are compiled and submitted to Council for consideration.

The strategic objectives will be revisited in order to ensure that they're realistic & attainable. A special session will be effected to ensure that alignment is achieved between the SDBIP, PMS & IDP.

Performance against Strategic Objectives

The table below reflects the performance management system as adopted by the council on the 19th August 2010 as per resolution no 2010/10/06.02. It gives the national Key Performance Area; the Local Key Performance Area; the Objectives of each KPA ; the Key performance indicator; the Baseline information where applicable; the performance targets set for 2010/11 and Actual performance achieved as at end of 30 June 2011

INFRASTRUCTURE AND SERVICES							
KPA	Objective	KPI	2009/10		2010/11		Status and Comments
			Target	Actual	Target	Actual	
Basic Services	To provide & facilitate access to Basic Services	Percentage (number) of households with access to basic electricity	No Data	No Data	No Data	47%	During the year 598 connections were added in Bulwer and Donnybrook.
	The objective will be included in the next financial through the alignment meetings	Percentage (number) of households with access to basic sanitation	District	District	District	District	In the following financial year the District through alignment meetings will assist in obtaining relevant data concerning households with access to basic sanitation
	To ensure clean environment	Percentage (number) of households with access to basic solid waste removal	191 Households with access to basic solid waste removal	191 Households with access to basic solid waste removal	191 Households with access to basic solid waste removal	834	The collection of domestic waste is done twice a week.
	To provide & facilitate access to Basic Services	Percentage (number) of households with access to basic water	District	District	District	District	In the following financial year the District through alignment meetings will assist in obtaining relevant data concerning households with access to basic water
MIG Budget	To provide & facilitate access to community facilities	% of MIG budget spent	100%	92%	100%	82%	There have been numerous challenges experienced i.e. Contractors Internal problems and internal capacity.
Capital Budget	To provide & facilitate access to community facilities	% of total municipal capital budget spent	100%	80%	100%	67%	

Spatial Development Framework (SDF)	The Strategic Objective will be included in the 2011 / 12 financial year during the revisit of objectives	% of total municipal capital budget spent in applicable corridors as per the PSEDS	No Data	No Data	No Data	No Data	The Office of the MM & IPD will review & update the Spatial Framework Plan in order to ensure that budget is spent on applicable corridors
	The Strategic Objective will be included in the 2011 / 12 financial year during the revisit of objectives	% of total municipal capital budget spent in applicable nodes as per the PSEDS	No Data	No Data	No Data	No Data	The Office of the MM & IPD will review & update the Spatial Framework Plan in order to ensure that budget is spent on applicable corridors
		% of total municipal capital budget spent in strategic intervention areas of the Spatial Development	0.00	0.00	0.00	0.00	The 2011 /12 IDP has the Draft SDF in place. The municipality will review and update SDF.

FINANCIAL VIABILITY AND MANAGEMENT

KPA	Objective	KPI	2009/10		2010/11		Status and Comments
			Target	Actual	Target	Actual	
Financial Viability	To ensure that the Municipality has credible Debt Management	Cost coverage	4:1	3:1	4:1	24 months	The coverage of the municipality's monthly fixed operating expenses by available cash on hand is more than adequate.
		Debt coverage	3:1	2.06:0	3:1	15 times	The only debt that the municipality has is in respect of leased office equipment. The municipality's annual revenue stream is more than adequate to cover the annual lease payments.
		Outstanding debtors days	90 days	120 days	90 days	2,1:1	The ratio has deteriorated, partly due to the phasing in of property rates and partly due to the collection of rates and service charges from the government departments. An exercise is underway led by COGTA to assist in collecting rates and service charges from government departments.
Cost recovery	To provide access to basic services	% improved cost recovery with respect to trading services: electricity	N/A	N/A	N/A	N/A	Eskom is the one that is supplying electricity within the Ingwe's area of jurisdiction.
Budget/IDP alignment	To ensure that all Municipal revenue is accounted	% of capital budget actually spent on capital projects identified in the IDP	100%	80%	100%	38%	Both ratios (56% in 2010/11) are low mainly due to the slower progress with the tarring of the internal village roads, Nyazi road, Esidangeni and Bazini Halls and electrification of Xosheyakhe.

DEMOCRACY AND GOVERNANCE							
KPA	Objective	KPI	2009/10		2010/11		Status and Comments
			Target	Actual	Target	Actual	
Ward Committees	To promote community awareness and participation	Number of ward committees established	10 Ward Committees i.e. each ward has the Ward Committee	10 Ward Committees i.e. each ward has the Ward Committee	10 Ward Committees i.e. each ward has the Ward Committee	10 Ward Committees i.e. each ward has the Ward Committee	Ward Committees are functional and play an integral part of the public participation mechanism.
		Number of ward committees functional	10 functional ward committees	10 ward committees are functional	10 functional ward committees	10 ward committees are functional (6 sets of minutes per committee as per scheduled meetings)	

SOCIAL INFRASTRUCTURE AND ECONOMIC DEVELOPMENT

KPA	Objective	KPI	2009/10		2010/11		Status and Comments
			Target	Actual	Target	Actual	
Housing Projects	The Strategic Objective will be included in the 2011 / 12 financial year during the revisit of objectives	Number of households serviced with formal housing	No Data	No Data	No Data	2	The Municipality has played a supporting role in the facilitation and provision of households for the communities of Ingwe. Through this facilitation process the Department of Human Settlement has approved 2 housing projects namely Zidweni and Boarderview. Stage 1 in both projects is almost complete.
LED	To promote Local Economy	Number of jobs created through municipal LED initiatives	No Data	No Data	No Data	19	The municipality over achieved its set target as a result of the Sisonke Stimela which was launched this financial year and gave rise to the creation of an additional 14 temporary jobs.
		Number of jobs created through the Municipality's capital projects	No Data	No Data	No Data	No Data	The data was not captured in the past 2 financial years, however it must be noted that in the 2011 /2012 financial year the number of jobs created through municipal capital projects will be captured & considered as the standard practice in which all the service providers will compile & submit to the municipality

SOCIAL INFRASTRUCTURE AND ECONOMIC DEVELOPMENT							
KPA	Objective	KPI	2009/10		2010/11		Status and Comments
			Target	Actual	Target	Actual	
Community Halls, Sportfields & Taxi Ranks (Social Infrastructure)	To provide access to basic community facilities	% of the total municipal budget allocated to the development of community social infrastructure	100%	100%	100%	58%	Both years' ratios (38% in 2009/10) are low mainly due to the slower progress with the tarring of the internal village roads, Nyazi road, Esidangeni and Bazini Halls and electrification of Xosheyakhe.
Free Basic Services	The Strategic Objective will be included in the 2011 / 12 financial year during the revisit of objectives	Number of households with access to Free Basic Electricity	4000 Households with access to Free Basic Electricity	4000 Households with access to Free Basic Electricity	4000 Households with access to Free Basic Electricity	4158	4158 households have access to free basic electricity of which approximately 2100 per month are claiming free tokens every month.
	The objective will be included in the next financial through the alignment meetings	Number of households with access to Free Basic Sanitation	District	District	District	District	In the following financial year the District through alignment meetings will assist in obtaining relevant data concerning households with access to basic sanitation
	To ensure clean environment	Number of households with access to Free Basic Solid Waste Removal	Households with access to Free Solid Waste Removal	sipho	191	666	A free service is provided by the municipality in Bulwer Low income housing (314), Donnybrook Low income housing (284) & Creighton Low income housing (57)

SOCIAL INFRASTRUCTURE AND ECONOMIC DEVELOPMENT

KPA	Objective	KPI	2009/10		2010/11		Status and Comments
			Target	Actual	Target	Actual	
	The objective will be included in the next financial through the alignment meetings	Number of households with access to Free Basic Water	District	District	District	District	In the following financial year the District through alignment meetings will assist in obtaining relevant data concerning households with access to basic water
	To provide access to basic services	% of households earning less than R1100 per month with access to free basic electricity	4000	4000	4000	4158	4158 households have access to free basic electricity of which approximately 2100 per month are claiming free tokens every month.
	The objective will be included in the next financial through the alignment meetings	% of households earning less than R1100 per month with access to free basic water	District	District	District	District	In the following financial year the District through alignment meetings will assist in obtaining relevant data concerning households with access to basic water

TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT							
KPA	Objective	KPI	2009/10		2010/11		Status and Comments
			Target	Actual	Target	Actual	
Workplace Skills Plan	To provide effective & efficient Human Resources Management Services	% of the municipality's budget actually spent on implementing its workplace skills plan	0.48%	0.40%	0.32%	0.15%	The percentage reflected is based on the actual for Staff Training costs. The under-expenditure is due to a number of training programs that were provided free of charge to the municipality. These include, training of service providers by SEDA. Training of senior managers on leadership and finance (Wits business school). Learnership on Human Resource Management by SALGA KZN.
Employment Equity	To provide effective & efficient Human Resources Management Services	Number of people from the designated group employed in three highest levels of management	4 people from the designated group employed in three highest levels of management	4 people from the designated group employed in three highest levels of management	4 people from the designated group employed in three highest levels of management	5	The municipality has been consistent in achieving the employment equity target.

TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

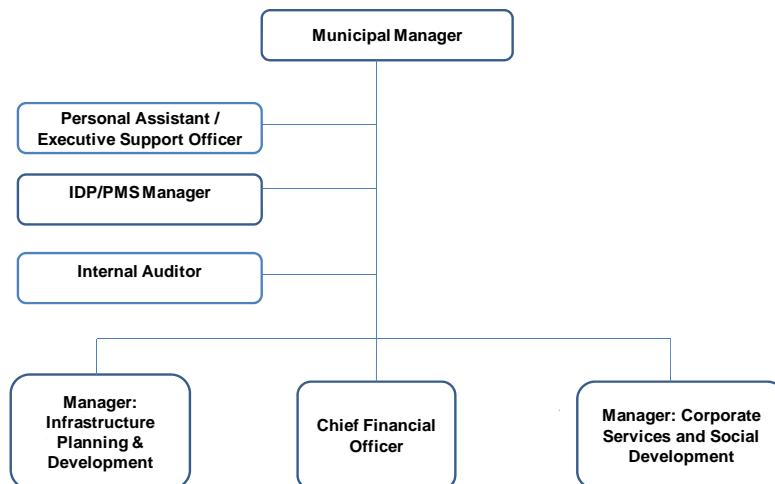
KPA	Objective	KPI	2009/10		2010/11		Status and Comments
			Target	Actual	Target	Actual	
	To provide effective & efficient Human Resources Management Services	Number of people with disabilities employed in the highest management levels in the municipality	0 people with disabilities employed in the highest management levels in the municipality	0 people with disabilities employed in the highest management levels in the municipality	0 people with disabilities employed in the highest management levels in the municipality	0	The current employment equity plan of the municipality makes no provision for the target of employing disabled people in the highest management levels.
	To provide effective & efficient Human Resources Management Services	Number of women employed in the highest management levels in the municipality	2 women employed in the highest management levels in the municipality	2 women employed in the highest management levels in the municipality	2 women employed in the highest management levels in the municipality	1	The municipality has 4 Sec 57 positions. 2 Section 57 Managers were the women until the resignation of the CFO at the end of the second quarter. The CFO position was still vacant at the end of this performance period. However, the position will be filled in the next financial year.
	provide effective & efficient Human Resources Management Services	Number of senior management (Section 57) that have undergone leadership development training	4 Senior Management (Sec 57) has undergone leadership development training	4 Senior Management (Sec 57) has undergone leadership development training	4 Senior Management (Sec 57) has undergone leadership development training	3 Senior Management (Sec 57) has undergone leadership development training	The BTO / CFO resigned in December 2010, the post will be filled in the 2011 /12 Financial year.

Chapter 3 HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

MUNICIPAL AND INSTITUTIONAL ORGANIZATION.

The Municipality has established a process or mechanism to regularly evaluate the staff establishment and if necessary review the staff establishment, in line with organizational objectives and development priorities. This mechanism provides for the review of the organizational structure at the beginning of the financial year, which entails revisiting each Department and Business Units to ensure that they respond to the priorities contained in the Integrated Development Plan (IDP). Depicted below are the Departments that constitute the administration wing of the Municipality. This is the high level structure and below the high level of each Directorate there are various business units that are instrumental in the service delivery mandate of the organization. There are strategic offices that are crucial for the effective operations of the Municipality that are located in the Office of the Municipal Manager. The organizational design and the structure of the Municipality is such that it seeks to respond to both national and local government priorities of:

- Basic Service delivery
- Municipal Institutional Development & Transformation
- Local Economic Development
- Municipal Financial Viability
- Good Governance.
- Building Local Economies to create more employment & sustainable livelihood
- Improve local public services and broaden access to the services
- Promote more active community participation in local government
- Effective, accountable and clean local government.



4

OVERVIEW OF EACH DEPARTMENT

a) Office of Municipal Manager

This department is responsible for the overall strategic leadership and direction of the entire Municipality.

b) Directorate: Finance

This department is responsible for the municipal budget, financial management and its related functions, e.g revenue collection, supply chain management etc.

c) Directorate: Corporate Support Services and social Development

This department renders operational support and is responsible for corporate governance, general administration, secretariat services, and HR management and development. It is also responsible for the provision of social services to the community such as sports and recreation, HIV/AIDS, social mobilization, social amenities etc. Lastly, it is responsible for the promotion and provision of public safety through law enforcement in roads traffic, business operations, policing, etc.

d) Directorate: Infrastructure and Planning Department

This department is responsible for new infrastructure developments (civil, structural, etc), infrastructural maintenance, provision of basic services (water, sanitation, waste management, electricity, and roads), and other services to the community. It is also responsible town and regional town planning; coordination of housing development; local economic and rural development.

HUMAN RESOURCES MANAGEMENT & DEVELOPMENT SKILLS DEVELOPMENT

As per Workplace Skills Plan for 2010/11 which was approved by Council and submitted to LGSETA, training of staff was undertaken in terms of the Annual Training Plan in order to facilitate planned development of employee skills.

As per the Annual Training Plan about 28 were earmarked for various skills development and training interventions. To this end 28 officials were trained in line with the approved WSP 2010/11.

As part of skills development programme, 5 local graduates have been trained or enrolled to institutions of higher learning This included Law, Civil Engineering and social Work.

Study Assistant for employees

Name and Surname	Course	Institution
SMN Brown	CPMD	WITS
NP Luzulane	CPMD	WITS
JM Nyide	CPMD	WITS
Z Dlamini	CPMD	WITS
PS Msomi	CPMD	WITS
N Cezu	CPMD	WITS
S Gumede	CPMD	WITS
Z Lunga	CPMD	WITS
I T Khumalo	CPMD	WITS
M Mzimela	CPMD	WITS
P Dlamini	CPMD	WITS
	CPMD	WITS

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Study Assistant for Community

Name and Surname	Course	Institution
Mongezi Hlongwane	LLB	UKZN
Noxolo Mkhize	Bachelor – Social Work	UKZN
Thokozani	Bachelor – Social Work	UKZN
Khethukuthula Dlamini	ND-Civil Engineering	Nelson Mandela
Senzo Sosibo	BSC- Civil Engineering	UKZN

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Staff Training

Name and Surname	Course	Institution
Siyabonga Mtolo	Community Participation Facilitation	AGT
Oscarine Mdaweni	Committee and Meeting Management	AGT
Ayanda Zulu	Integrated Development Plan	
Phindile Dlamini	Project Management	Vulindlela Academy
Zwelethu Dlamini	Advance Project Management	Vulindlela Academy
Mr. G Sineke	Advance Project Management	Vulindlela Academy
Mr. J M Nyide	Advance Project Management	Vulindlela Academy
Mr. R Sosibo	Advance Customer Services Excellence	AGT
Mr. T Dlamini	Advance Customer Services Excellence	AGT
Ms. C Rowe	Executive Office Management	AGT
MS Z KHUMALO	Advance Customer Services Excellence	AGT
Ms K Hadebe	Advance Customer Services Excellence	AGT
Ms L Zuma	Advance Customer Services Excellence	AGT
Mr. M Mbele	Advance Customer Services Excellence	AGT
A Macingwane	Advance Customer Services Excellence	AGT
Mrs. L Mark	Records & Registry Management	AGT
Ms O Mdaweni	Reports Writing and Minutes taking	AGT

Employment Equity

Target group: Gender and race	Level of representation: Require figure/total workforce	% of total workforce
African Female	24	39%
African Male	34	54%
Coloured Female	1	1.6%
Coloured Male	1	1.6%
Indian Female	0	0%
Indian Male	0	0%
White female	1	1.6%
White Male	2	3%

Employment equity for top management levels (section 57 managers)

Target group: Gender and race	Level of representation: Require figure/total workforce	% of total workforce
African Female	1	25%
African Male	3	75%
Coloured Female		
Coloured Male		
Indian Female		
Indian Male		
White female		
White Male		

Employee with disabilities: Post

Target group: Gender and race	Level of representation: Require figure/total workforce	% of total workforce
African Female		
African Male	2	3%
Coloured Female		
Coloured Male		
Indian Female		
Indian Male		
White female		
White Male		

Pension and Medical aid:

Pension	Medical aid funds
Natal Joint Municipal Pension Fund	L A Health
MCPF	Bonitas
SAMWU Provident Fund	Keyhealth
	Samwumed

Staff Levels as 30 June 2010

Directorate/Department	Complements	Vacancies	Actual
Councillors	20	0	20
Municipal Manager	1		1
Corporate and Social Development	1	0	1
Finance Department	1	0	1
Infrastructure, Planning and Development	1	0	1
Total			

Staff cost reflected as a percentage of total operational expenditure:

	2009/2010	2010/2011
	R	R
Salaries	9 943 667	12 468 130
Total operational expenditure	32 473 714	39 201 856
Salaries % of Total operational expenditure	31%	32%

Qualification profile (Leadership and Governance and Managers)

	NQF 1	NQF 2	NQF 3	NQF 4	NQF 5	NQF 6
Mayor						1
Councillors				7	5	
Municipal Manager						1
Budget and Treasury						1
Corporate and Social Development						1
Infrastructure, Planning and development						1

Skills Profile

Item description	Total number	Total %
Professionals	38	60%
Artisans		
Unskilled	25	40%
Total	64	100%

The following table indicates all the staff members that were employed during the 2010/11 financial year.

Name	Designation
Ayanda T Zulu	Manager: IDP / PMS
Zanele Ngcobo	PA: to the Corporate Services Department
Andiswa Macingwana	PA: to the Budget Treasury Officer
Phumla Mkhulise	Bulwer Cashier
Dumisane Ngcobo	General Workers
Mondli Sokhela	
Sanele Zulu	
Mshanenkosi Hadebe	

The following table indicates all the staff members that resigned during the 2010/11 financial year

Name	Designation
Mrs Unathi Mahlasela	Chief Financial Officer

The following table indicates all the staff members have passed away during the 2010/11 financial year

Name	Designation
Thomas Shezi	General Worker

EMPLOYEE WELLNESS INITIATIVES

Following the establishment of the Employee Wellness programme is to support employees at the work place. The following are the programmes undertaken in the financial year.

- HIV/ Aids Workshops
- HIV/Aids Awareness Campaign

Disclosures Concerning Councillors, Directors and Senior Officials – for financial year June 2011.

Description	Mayor	Councillors	Municipal Manager	CFO	Other Senior Managers	TOTAL
Salaries and Wages R'000						
Normal	-	-	-	-	-	-
Overtime	-	-	-	-	-	-
Contributions R'000						
Pensions	-	-	-	-	-	-
Medical Aid	-	-	-	-	-	-
Other	-	-	-	-	-	-
Allowances R'000						
Travel and Motor Car	-	-	-	-	-	-
Accommodation	-	-	-	-	-	-
Subsistence	-	-	-	-	-	-
Housing Benefits and Allowances R'000						
Loans and Advances R'000	-	-	-	-	-	-
Other Benefits and Allowances R'000 (specify)						
housing subsidy	-	-	-	-	-	-
Cell phone	-	-	-	-	-	-

Chapter 4 AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2011

General Information

Legal form of entity	Ingwe Municipality
Acting Chief Finance Officer (CFO)	Mr BM Mzimela
Accounting Officer	Mr. GM Sineke
Bankers	First National Bank
Auditors	Auditor-General of South Africa

Council

S V Zulu
N P Luzulane
S W Mtolo
P S Msomi
H A Ngcobo
B C Mncwabe
M W Mtolo
S E Dlamini
F M Mankhanya
M C Cekwane
C B Kunene
B Thabethe
V E Mncwabe
P P Shange
S S Ngubo
N G Mbatha
A N Dlamini
B C Nzimande
S J Bhengu
T A Zikode
S T Dlamini
S R Mlotshwa

Deputy Mayor

Mayor

Speaker

Exco member

Exco member

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

Ordinary Councillor

INGWE MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 59, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. These annual financial statements have been compiled in accordance with the GRAP Standards.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 22 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act. As a third tier of Government i.e. Local Government, the Municipality's operations and its principal activities entail service delivery at local community level. The attached financial statements reflect the results of these operations and the municipality's financial position are the stated reporting date. The Municipality is governed by and in terms of the Municipal Finance Management Act, Act 56 of 2003 and the Local Government Systems Act, Act 32 of 2000.

Municipal Manager:

DATE: 31 August 2011

INGWE MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

	Note	2011 R	2010 R
ASSETS			
Current Assets		55 242 601	44 727 951
Cash and cash equivalents	1	52 275 627	42 668 648
Trade receivables from exchange transactions	2	2 049 895	877 503
Other receivables from non-exchange transactions	3	276 831	718 733
VAT receivable	4	640 248	463 066
Non-Current Assets		63 627 262	51 325 603
Property, plant and equipment	5	62 777 204	50 636 169
Investment property carried at fair value	6	575 000	575 000
Intangible assets	7	275 058	114 434
Total Assets		118 869 863	96 053 554
LIABILITIES			
Current Liabilities		16 053 595	15 133 898
Unspent conditional grants and receipts	8	12 447 750	11 135 652
Trade and other payables from exchange transactions	9	3 172 616	3 711 983
Current provisions	10	-	232 656
Current portion of contract retention	12	384 619	-
Current portion of finance lease liability	13	48 610	53 607
Non-current Liabilities		4 402 149	2 016 863
Non-current provisions	11	2 637 163	275 761
Other non-current liabilities	12	1 624 138	1 551 645
Finance lease liability	13	140 848	189 458

Total liabilities**20 455 743****17 150 761****NET ASSETS****98 414 119****78 902 793****NET ASSETS**

Accumulated surplus

98 414 119

78 902 793

Total net assets**98 414 119****78 902 793****INGWE MUNICIPALITY
STATEMENT OF FINANCIAL
PERFORMANCE****For the year ended 30 June 2011**

	Note	2011 R	2010 R
REVENUE			
Property rates	15	2 537 412	1 630 982
Service charges	16	285 743	225 696
Penalties on rates		74 668	-
Traffic fines		95 283	116 370
Rent of facilities and equipment	17	202 606	155 527
Interest received	18	2 719 997	2 468 728
Government grants and subsidies	19	55 609 337	54 129 787
Other income	20	88 095	565 437
Total revenue		61 613 140	59 292 528
EXPENSES			
Employee related costs	21	12 530 570	9 983 679
Remuneration of councillors	22	4 535 469	4 352 599
Bad debts		147 122	215 992
Depreciation and amortisation	23	3 219 387	3 288 011
Repairs and maintenance		706 795	905 346
Finance costs	24	250 990	290 615
Amortisation cost	25	-	39 529
Contracted services	26	304 060	201 939
General expenses	27	17 719 810	13 236 075

Total expenses		39 414 202	32 513 786
Loss on disposal of property, plant and equipment	28	5 721	4 349
Impairment loss	29	2 681 892	4 090 209
Fair value adjustment	6	-	2 370 720
SURPLUS FOR THE YEAR		19 511 325	20 313 464

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2011

INGWE MUNICIPALITY STATEMENT OF CHANGES IN NET ASSETS For the year ended 30 June 2011

	Accumulated Surplus	Total: Net Assets
	R	R
Balance at 1 July 2008	48 834 490	48 834 490
Correction of prior period errors	66 941	66 941
Restated balance at 30 June 2008	48 901 431	48 901 431
Surplus for the year	11 858 869	11 858 869
Balance at 30 June 2009	60 760 300	60 760 300
Correction of prior period errors	(566 432)	(566 432)
Restated balance at 30 June 2009	60 193 868	60 193 868
Surplus for the year	20 353 476	20 353 476
Balance at 30 June 2010	80 547 344	80 547 344
Correction of prior year errors	(1 644 550)	(1 644 550)
Restated balance at 30 June 2010	78 902 794	78 902 794
Surplus for the year	19 511 325	19 511 325
Balance at 30 June 2011	98 414 119	98 414 119

Note: As depicted above, the Municipality's reserves comprise only
of the accumulated surplus which is a distributable reserve.

INGWE MUNICIPALITY
CASH FLOW STATEMENT
For the year ended 30 June 2011

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		62 925 239	48 418 542
Cash paid to Suppliers and Employees		(37 602 494)	(30 234 084)
Cash generated from operations	30	25 322 745	18 184 458
Interest earned		2 719 997	2 468 728
Finance costs		(249 389)	(285 030)
Interest paid		(1 601)	(5 585)
Net cash flows from operating activities		27 791 752	20 362 570
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(18 013 655)	(17 273 194)
Proceeds on disposal of property, plant and equipment		-	13 380
Intangible assets acquired		(195 000)	-
Net cash flows from investing activities		(18 208 655)	(17 259 814)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in other non-current liabilities		72 493	1 543 232
Repayment of finance lease liabilities		(48 610)	(53 608)
Net cash flows from financing activities		23 883	1 489 623
Net increase in cash and cash equivalents		9 606 980	4 592 380
Net cash and cash equivalents at the beginning of the year		42 668 648	38 076 268
Net cash and cash equivalents at the end of the year	31	52 275 627	42 668 648

Ingwe Municipality
Summary of significant accounting policies
For the year ended 30 June 2011

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention except for financial instruments (including derivative instruments) recorded at fair value.

These financial statements have been prepared, where applicable, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

PRESENTATION

1.2 CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

GOING CONCERN

1.3 ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

COMPARATIVE

1.4 INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT

1.5 NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 25 Employee Benefits - issued December 2009

GRAP 103 Heritage Assets - issued July 2008

GRAP 104 Financial Instruments - October 2009

The Minister of Finance announced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 will be effective for the period starting asfter 1 April 2012. All other standards as llisted above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 paragraph 29 sets out the principles for the application of GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Change in Accounting Estimates and Errors.

There are no impending changes in accounting policy.

1.6 ROUNDING

The amounts disclosed in these annual financial statements were rounded off to the nearest rand.

Ingwe Municipality

Summary of significant accounting policies

Year ended 30 June 2011

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

SUBSEQUENT MEASUREMENT - COST

2.2 MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

DEPRECIATION AND

2.3 IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Years	Other	Years
Roads, pavements and drains	10	Buildings	30
Taxi ranks	20	Security	3 to 20
Streetlighting	25	Computer equipment	1 to 5
		Furniture and fittings	2 to 10
Community		Office equipment	3 to 5
Community halls	30	Plant and equipment	2 to 7
Libraries	30	Motor vehicles	3 to 7

Public places	10 to 15	Locomotives and coaches	15 to 30
Sportsfields	30		
Refuse site	5		
Finance lease assets			
Office equipment	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Ingwe Municipality
Summary of significant accounting policies
Year ended 30 June 2011

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), the relevant item of property, plant and equipment is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

SUBSEQUENT MEASUREMENT - COST

3.2 MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

AMORTISATION AND

3.3 IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The amortisation rates are based on the following estimated average asset lives:

Intangible assets	3 - 5 years
-------------------	-------------

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as changes in accounting estimates in

the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of a possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Ingwe Municipality

Summary of significant accounting policies

Year ended 30 June 2011

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

SUBSEQUENT MEASUREMENT - FAIR

4.2 VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 FINANCIAL INSTRUMENTS

The entity classifies financial instruments, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

INITIAL RECOGNITION

Financial assets and financial liabilities are recognised on the municipality's Statement of Financial Position when the municipality becomes party to the contractual provisions of the instrument.

The municipality does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FAIR VALUE METHODS AND ASSUMPTIONS

The fair values of financial instruments are determined as follows:

The fair values of quoted investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on municipality-specific inputs.

THE EFFECTIVE INTEREST RATE METHOD

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

AMORTISED COST

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

5.1 FINANCIAL ASSETS - CLASSIFICATION

A financial assets is any asset that is cash or contractual right to receive cash.

In accordance with IAS 39.09 the Financial Assets of the municipality are classified into four categories allowed by the standard as follows:

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with a fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less provision for impairment

HELD TO MATURITY INVESTMENTS

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold investment to maturity.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading
- upon initial recognition they are designated as fair value through the Statement of Financial Performance

AVAILABLE FOR SALE INVESTMENTS

Available for sale investments are financial assets designated as available for sale or are not classified as:

- Loans and receivables;
- Held-to-maturity Investments;

or

- Financial assets at fair value through profit or loss

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Types of Financial Assets	Classification in terms of IAS 39.09
Cash and cash equivalents Trade receivables Other receivables	Loans and receivables Loans and receivables Loans and receivables

Ingwe Municipality

Summary of significant accounting policies

Year ended 30 June 2011

CASH AND CASH EQUIVALENTS

5.1 (continued)

Cash and cash equivalents comprise demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk or changes in value. Where term deposits exceed three months, they are classified under another class of financial instrument, depending on the nature.

Trade and other receivables (excluding Value Added Taxation, prepayment and operating lease receivables), loans to group entities and loans that have fixed and determinable payments that are not in an active market are classified as loans and receivables.

5.2 FINANCIAL LIABILITIES -

CLASSIFICATION

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of Financial liabilities, the classification determining how they are measured. Financial liabilities may be measured at:

- Fair value through profit and loss: or
- Other financial liabilities (measured at amortised cost).
- Financial guarantee contract

FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading

OTHER FINANCIAL LIABILITIES

Any other financial liabilities are classified as "other financial liabilities" in accordance with IAS 39.09

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Non-current liabilities
- Current liabilities

5.3 MEASUREMENT

Initial measurement

Financial instruments are initially measured at fair value plus in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Where the effect of any extended payment terms is not material no adjustments are made.

The fair value of a financial instrument is normally the transaction price, but may be affected by other factors which the entity takes into account when measuring fair value.

Regular way purchases or services are recognised using trade date accounting. All other financial instruments are recognised when the entity becomes a party to the contract.

Subsequent measurement

Trade and other receivables

Trade and other receivables are subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on the past default experience of all outstanding amounts at year end. Amounts receivable within 12 months from the date of reporting date are classified as current.

When a trade receivable is uncollectable, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are subsequently recorded at fair value which always approximates face value.

Trade and other payables

These financial liabilities are subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Financial assets at fair value through profit or loss - Held for trading

Held to maturity

Available for sale.

Financial assets for which a reliable fair value cannot practicably be determined are carried at cost.

Ingwe Municipality

Summary of significant accounting policies

Year ended 30 June 2011

5.4 IMPAIRMENT

At reporting date, the municipality determines where there is any objective evidence that a financial asset or group of financial assets is impaired.

The entity follows the following steps in judging whether objective evidence exists on reporting date that the financial asset or group of financial assets is impaired:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivable or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for financial assets with the exception of a trade receivables, where the carrying amount is reduced through use of an allowance account. When a trade receivable is considered uncollectable it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credit in the Statement of Financial Position. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss is decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal may not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in the net assets and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in net assets shall be removed and recognised in the Statement of Financial Performance even though the financial asset has been derecognised.

The amount of the cumulative loss that is removed from net assets and recognised in the Statement of Financial Performance is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on the financial asset previously

recognised in the Statement of Financial Performance.

Ingwe Municipality

Summary of significant accounting policies

Year ended 30 June 2011

5.5 DERECOGNITION

The municipality derecognises a financial asset when and only when; the rights to the cash flows from the financial asset expire; or it transfers the financial asset and the transfer qualifies for derecognition. The entity firstly needs to evaluate the extent to which it retains the risks and rewards of ownership of the financial asset.

The municipality transfers a financial asset if and only if, it either: transfers the contractual rights to receive the cash flows of the financial asset; or retains the contractual rights to receive the cash flows of the financial asset.

The entity removes a financial liability (or part of financial liability) from its statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or called or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

6 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

7 UNUTILISED CONDITIONAL GRANTS

Unutilised conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

8 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Environmental rehabilitation provision

Estimated long-term environmental provisions which is the provision for the rehabilitation and closure of the landfill site and is based on the Entity's policy, taking into account current technological, environmental and regulatory requirements. The provision for the rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligation relate to the asset, they are capitalised as part of the cost of the asset. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

12 LEASES

12.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Ingwe Municipality
Summary of significant accounting policies
Year ended 30 June 2011

12.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

13 REVENUE

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Interest earned on unutilised conditional grants is recognised directly in the Statement of Financial Performance.

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Ingwe Municipality

Summary of significant accounting policies

Year ended 30 June 2011

13.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

14 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual reporting period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

RETIREMENT

15 BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

15.1

DEFINED BENEFIT PLAN

The municipality had two employees who were members of the Multi-Employer Defined Benefit Plan, one person passed away in the current year. This plan is managed by the Natal Joint Municipal Pension Fund and the registration number of the fund is 12/8/6676/2. This plan is not treated as defined benefit plans as defined by IAS19, but is accounted for as defined contribution plan. This is in line with the exemption in IAS 19 paragraph 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans.

The municipality is exposed to actuarial risks as a result of its members participating in the Multi-Employer Defined Benefit Plan this risk is also spread to other municipalities who are participating on the plan. Natal Joint Municipal Pension Fund does not have a reliable and a consistent basis of allocating the obligation, assets and related cost to municipality that are participating on the plan.

DEFINED CONTRIBUTION

15.2 PLAN

The majority of the Municipality's employees belong to the Multi-Employer Contribution Plan which is managed by the Natal Joint Municipal Pension Fund; the registration number of the fund is 12/8/32588/1. Accordingly, contributions paid on behalf of employees have been expensed in the current year.

16 VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

17 CORRECTION OF ERRORS

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of the assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 33 to the Annual Financial Statements for the details of corrections of errors recorded during the period under review.

18 EVENTS AFTER BALANCE SHEET DATE

Events after the reporting date are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the Annual Financial Statements.

19 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

INGWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2011

	2011	2010
	R	R
1 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash at bank	298 971	906 259
Call deposits - Stanlib Investment	7 367 208	6 909 061
- Money Market	1 456 582	33 004 584
- Investec Bank	1 349 571	1 270 240
- Investec Fixed Deposits	15 168 520	-
- Fixed Notice	600 714	578 505
- Business Fixed Maturity 74	26 034 061	-
	<u>52 275 627</u>	<u>42 668 648</u>

The municipality has the following bank accounts:

The Primary Bank Account

First National Bank - Ixopo Branch
Account number 5255 1036 969

Cash book balance at beginning of the year	<u>843 170</u>	<u>836 003</u>
Cash book balance at end of the year	<u>224 671</u>	<u>843 170</u>
Bank statement balance at beginning of the year	<u>844 799</u>	<u>826 898</u>
Bank statement balance at end of the year	<u>216 280</u>	<u>844 799</u>

Salaries Bank Account

First National Bank - Ixopo Branch
Account number 6205 1076 688

Cash book balance at beginning of the year	<u>18 817</u>	<u>3 323</u>
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Cash book balance at end of the year	<u>37 159</u>	<u>18 817</u>
Bank statement balance at beginning of the year	<u>18 817</u>	<u>3 323</u>
Bank statement balance at end of the year	<u>37 159</u>	<u>18 817</u>

Public Sector Cheque Account

First National Bank - Ixopo Branch
Account number 6224 5385 093
Date the account was opened: 12 November 2009

Cash book balance at beginning of the year	<u>36 895</u>	<u>-</u>
Cash book balance at end of the year	<u>36 895</u>	<u>36 895</u>
Bank statement balance at beginning of the year	<u>36 895</u>	<u>-</u>
Bank statement balance at end of the year	<u>36 895</u>	<u>36 895</u>

CALL DEPOSITS

Stanlib Cash Plus Fund A - no maturity date

Account number: 551130458

Cash book balance at beginning of the year	<u>6 908 344</u>	<u>6 363 019</u>
Cash book balance at end of the year	<u>7 367 208</u>	<u>6 908 344</u>
Bank statement balance at beginning of the year	<u>6 908 344</u>	<u>6 363 019</u>
Bank statement balance at end of the year	<u>7 367 208</u>	<u>6 908 344</u>

INGWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2011

CASH AND CASH EQUIVALENTS (continued)

2011
R

2010
R

Investec Fixed Deposit

Account number: 50003450424 - 1

Cash book balance at beginning of the year	1 270 240	-
Cash book balance at end of the year	1 349 571	1 270 240
Bank statement balance at beginning of the year	1 270 240	-
Bank statement balance at end of the year	1 349 571	1 270 240

Investec Fixed Deposit

Account number: 50003450424 - 2

Cash book balance at beginning of the year	-	-
Cash book balance at end of the year	15 168 520	-
Bank statement balance at beginning of the year	-	-
Bank statement balance at end of the year	15 168 520	-

First National Bank Fixed Notice

Account number: 74165605518

Cash book balance at beginning of the year	578 505	550 840
Cash book balance at end of the year	600 714	578 505
Bank statement balance at beginning of the year	578 505	550 840
Bank statement balance at end of the year	600 714	578 505

First National Bank Money Market

Account number: 62008452071

Cash book balance at beginning of the year	33 004 584	30 319 402
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Cash book balance at end of the year	1 456 582	33 004 584
Bank statement balance at beginning of the year	33 004 584	30 319 402
Bank statement balance at end of the year	1 456 582	33 004 584

First National Bank Business Fixed Maturity Notice

Account number: 74282396404

Cash book balance at beginning of the year	-	-
Cash book balance at end of the year	26 034 061	-
Bank statement balance at beginning of the year	-	-
Bank statement balance at end of the year	26 034 061	-

Call deposits are investments with a maturity date of less than 3 months and they earn interest.

Deposits of R12 447 750 (2010: R11 135 655) have been ring-fenced to cover conditional grants that have not yet been utilised.

INGWE MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2011

	Provision for impairment R	Net Balance R
Trade receivables from exchange transactions		
2 as at 30 June 2011		-
Rates		
Refuse		
Rent		
VAT portion on debtors		

Total Consumer Debtors**1 688 957****2 049 895****as at 30 June 2010**

Rates

Refuse

Total Consumer Debtors**1 545 960****877 503**

The carrying value of trade debtors approximates their fair value due to their short-term maturity.

The municipality charges interest on outstanding debtors. Interest rate on rates is 10% per annum and other services its 2% per month on outstanding balance. Refer to note 18 on interest charged.

2011**2010****Ageing of consumer debtors****R****R**

Current

-

1 - 30 Days

39 129

29 476

31 - 60 Days

36 623

19 349

61 - 90 Days

29 606

17 878

91 - 120 Days

26 028

11 931

120 Days and more

3 607 467

2 355 617

Less: Receipts captured after month end run

-

(10 787)

3 738 852**2 423 464****Trade receivables from organs of state**

Included in the amounts disclosed above are the following amounts owing from the organs of state.

Government Departments

1 399 128**978 487****Summary of Gross Debtors by Customer Classification**
**Industrial /
Commercial
R**
**National and
Provincial
Government
R**
as at 30 June 2011

Current (0 – 30 days)

6 870

40 080

31 - 60 Days	1 863	19 805
61 - 90 Days	1 497	17 030
91 - 120 Days	1 390 328	1 417 401
Sub-total	1 400 558	1 494 315

Reconciliation of the doubtful debt provision

The municipality's trade receivables are stated after allowances for doubtful debts based on management's assessment of the creditworthiness. An analysis of the allowance is as follows:

At the beginning of the year	1 545 960	1 291 257
Charged to surplus	142 997	254 703
At the end of the year	1 688 957	1 545 960

When management determines if a debtor is impaired, management considers if there has been any change in the credit quality of the debtor during the period, investigates changes in the payment behaviour of the debtor by inspecting the payment history thereof and any other evidence that may indicate that the debtor is impaired.

For the year ended 30 June 2011

2011	2010
R	R

Other receivables from non-exchange transactions

3

Security deposits with suppliers	111 006	67 527
Other	165 824	689 917
Less: provision for doubtful debts	-	(38 711)
	276 831	718 733

Value added tax

4

VAT receivable	640 248	463 066
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The municipality is registered as a vendor on the receipts and payments basis.

INGWE MUNICIPALITY
NOTES TO THE
ANNUAL FINANCIAL
STATEMENTS
For the year ended 30 June
2011

5	Property, plant and equipment							
	Reconciliatio n of Carrying Value	Land	Buildings	Infrastructur e	Community	Finance Leased Assets	Other	Total
5.1		R	R	R	R	R	R	R
	as at 1 July 2010	1 630 000	3 410 184	7 817 271	27 385 535	200 943	10 192 237	50 636 169
	Cost:							
	Completed	1 630 000	646 714	9 809 724	20 483 326	306 860	12 936 018	51 812 642
	Cost: Under Construction			2 732 960	10 515 741		26 486	13 275 187
	Correction of error - depreciaiton for 2010 (note 33)		745)	(37	-	(494 595)	-	(532 340)
	Correction of error - fully depreciated assets (note 33)			76 261			901 542	977 803
	Accumulated depreciation and impairment losses		198 785)	(3	(4	(105 917)	(3 671 810)	(14 897 123)
			801 674)		(3 118 937)			

Acquisitions	445 352	-	6 710 937	-	1 317 730	8 474 019	
Capital under construction movement	0	4 694 940	4 801 957	-	51 578	9 548 475	
Capital under Construction - additions	-	4 694 940	11 569 352	-	51 578	16 315 870	
Capital under Construction - transferred to acquisitions			(6 767 395)			(6 767 395)	
Depreciation	-	(126 398)	(914 996)	(821 497)	(61 372)	(1 260 748)	(3 185 011)
Carrying value of disposals	-	-	-	-	-	721)	(5 721)
Cost/Revaluation	-	-	-	-	-	133)	(68 133)
Accumulated depreciation and impairment losses	-	-	-	-	-	412	62 412
Impairment loss/Reversal of impairment loss	-	631)	(48 867)	(2 494 823)	(117 571)		(2 681 892)
as at 30 June 2011	1 630 000	708 507	3 548 345	11 582 109	35 571	139 168 671	10 204
Cost	1 630 000	092 066	7 9 809 722	27 194 263	306 860	14 176 781	60 209 692
Assets under construction			7 427 900	15 317 698	-	78 064	22 823 662
Accumulated depreciation and impairment losses	-	(3 383 559)	(5 689 277)	(929 852)	(6 289)	(167 086 174)	(4 151)

INGWE MUNICIPALITY
NOTES TO THE
ANNUAL FINANCIAL
STATEMENTS
For the year ended 30 June
2011

5 **Property,
plant and
equipment**

5.2	Reconciliation of Carrying Value							Total
		Land	Buildings	Infrastructure Assets	Community Assets	Finance Leased Assets	Other	
		R	R	R	R	R	R	
	as at 30 June 2009	1 630 000	5 526 019	185 688	576 289	315	135 924	31 316 235
	Cost:			18	12	306	4	
	Completed	-	5 740 356	055 637	746 457	860	860 448	41 709 758
	Cost: Under Construction				-			
	Correction of error (note 33)	1 630 000	906 358	(10 408 295)	996 139	-	-	(2 875 798)
	Accumulated depreciation and		(1 120 695)	(1 461 654)	(2 166 307)	(44 545)	(2 724 524)	(7 517 725)

impairment losses							
Acquisitions		2 162 382	2 886 270	-	8 020 453		13 069 105
Capital under Construction	0	2 732 960	10 515 741	-	26 486		13 275 187
Depreciation	-	(202 247)	(1 731 479)	(460 120)	(61 372)	(812 092)	(3 267 310)
Carrying value of disposals	-	-	-	(145 540)	-	33 245	(112 295)
Cost/Revaluation	-	-		(145 540)	-	55 117	(90 423)
Accumulated depreciation and impairment losses	-	-		-	-	(21 872)	(21 872)
Impairment loss/Reversal of impairment loss	-	(1 875 843)	(1 608 541)	(508 164)		(97 660)	(4 090 208)
as at 30 June 2010	1 630 000	3 447 929	7 741 010	27 880 130	200 943	9 290 694	50 190 526
Cost	1 630 000	6 646 714	9 809 724	20 483 326	306 860	12 936 018	51 812 462
Assets under construction			2 732 960	10 515 741		26 486	13 275 187
Accumulated depreciation and impairment losses	-	(3 198 785)	(4 801 674)	(3 118 937)	(105 917)	(3 671 810)	(14 897 123)

5

Other information

2011
R

2010
R

5.3. There is no idle property, plant and equipment at year end.

-

-

Gross carrying amount of fully depreciated property, plant and equipment still in use at the reporting date. Useful lives was estimated correctly for these assets at acquisition

45 615

2 897 426

There is no property, plant and equipment retired from active use, otherwise not classified as held for sale.

-

-

The carrying value of property, plant and equipment approximates fair value.

-

-

INGWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2011

6 Investment properties carried at fair value

6.1 Reconciliation of fair value	Investment properties buildings R	Investment properties land R	Total R
as at 30 June 2010	3 494 773	2 145 000	5 639 773
Correction of error (note 33)	3 494 773)	(1 570 000)	(5 064 773)
Restated balance as at 30 June 2010	3 949 773	575 000	575 000

Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Fair value adjustment	-	-	-
as at 30 June 2011	3 949 773	575 000	575 000

6.1 Reconciliation of fair value	Investment properties buildings R	Investment properties land R	Total R
as at 1 July 2009	5 824 493	2 108 000	7 932 493
Additions			-
Disposals			-
Transfers	78 000		78 000
Fair value adjustment	(2 407 720)	37 000	(2 370 720)
as at 30 June 2010	3 494 773	2 145 000	5 639 773

	2011 R	2010 R
6.2 Investment property pledged as security	-	-
No investment property is pledged as security		
6.3 Rental income from investment property	-	147 646
Direct operating expenses from rental generating property	-	55 338

6.4 Details of valuation

The effective date of valuation was 30 June 2011. Revaluations were performed by an independent valuer Diane de Wet (ND Real Estate, MIVSA, CEA) of Siyazama Consulting. The valuation was based on open market value for existing use. There was no movement on the fair value during the current financial year.

Amounts recognised in surplus for the year

- (2 370 720)

INGWE MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2011

7 Intangible Assets

7.1 Reconciliation of carrying value

as at 1 July 2010

Cost

Accumulated amortisation

Acquisition

Amortisation

as at 30 June 2011

Cost

Accumulated amortisation

Computer Software
R

Total
R

114 434

114 434

243 733

243 733

(129 299)

(129 299)

195 000

195 000

(34 376)

(34 376)

275 058

275 058

438 733

438 733

(163 675)

(163 675)

7.1 Reconciliation of carrying value

as at 1 July 2009

Cost

Accumulated amortisation

Assets reclassified as computer equipment

Amortisation reclassified to computer equipment

Amortisation

Correction of error (note 33.5) accumulated depreciation

as at 30 June 2010

Cost

Accumulated amortisation

Computer Software
R

Total
R

23 459

23 459

268 131

268 131

(244 672)

(244 672)

(24 398)

(24 398)

24 398

24 398

(5 053)

(5 053)

96 028

96 028

114 434

114 434

243 733

243 733

(129 299)

(129 299)

INGWE MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2011

2011
R

2010
R

8 Unspent conditional grants and receipts

8.1 Unspent Conditional grants from other spheres of government:

MIG Grant

National Department of Energy Electrification

National COGTA (MSIG)

National: Finance Management Grant (FMG)

Other National Government Grants

Provincial Government Grants

	11 287 318	10 975 220
	2 872 445	4 558 295
	3 415 450	2 180 690
	-	-
-	-	-
	103 526	103 522
	4 895 897	4 132 713

8.2 Other Conditional Receipts

Developers' Contributions

Public Contributions

	1 160 432	160 432
	160 432	160 432
	1 000 000	-

Total Unspent Conditional Grants and Receipts

	12 447 750	11 135 652
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The Unspent Conditional Grants and Receipts are invested in ring-fenced investment accounts until utilised.

See Note 19 for the reconciliation of Grants from Government and for the reconciliation of Other Conditional Receipts. The Unspent Grants are cashbacked by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

9 Trade and other payables from exchange transactions

Trade payables

Staff leave accrual

Other payables

	1 850 068	2 792 800
	768 922	563 240
	553 626	355 944
	3 172 616	3 711 983

The fair value of trade and other payables approximates their carrying amounts.

10 Current provisions

Provision for cellphone allowances for councillors

-	232 656
-	232 656

INGWE MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2011

11 Non-current provisions

Provision for the rehabilitation of refuse disposal sites

Provision for long-service awards

2011 R	2010 R
2 425 406	126 445
211 757	149 316
2 637 163	275 761

The provision for rehabilitation of refuse disposal sites relates to the legal obligation to rehabilitate the disposal sites.

The municipality operates two refuse disposal sites. Both sites have been in operation for nearly ten years and assuming the current level of usage of these disposal sites is maintained, it is anticipated that they will reach full capacity after 3 financial years, wherein they will be permanently closed and thus rehabilitated. The provision amount disclosed represents the present value of future estimated rehabilitation costs (material and labour inclusive of professional environmental expertise).

The long-service award is payable after every 5 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover.

Key financial assumptions

Discount rate: 8.28% p.a.

General salary inflation (long-term): 6.78% p.a.

Net effective discount rate: 1.79% p.a.

Salaries used in the valuation include an assumed increase in July 2011 of 6.08%, the next salary increase was assumed to take place in July 2012.

Key demographics assumptions

Average retirement age: 60 years

Mortality during employment: SA85-90

Withdrawal from service

Age	Rate	
	Female	Male
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
55	0%	0%

The movement in the non-current provision is reconciled as follows: -

Provision for rehabilitation of the refuse disposal sites:**Balance at the beginning of year**

Contributions to provision

Reduction in provision

Transfer to current provisions

Balance at the end of year

126 445

140 000

2 298 961

0

(13 555)

-

2 425 406**126 445****Provision for long-service awards****Balance at the beginning of year**

Contributions to provision

Expenditure incurred

Actuarial (gain)/loss

Transfer to current provisions

Balance at the end of year

149 316

109 304

47 305

27 964

15 136

12 048

211 757**149 316****12 Other non-current liabilities**

Contract retentions

Less: Current Portion

Long-term portion

2 008 757

1 551 645

384 619

-

1 624 138**1 551 645****13 FINANCE LEASE LIABILITY****2011****Minimum
lease
payment****Future finance
charges****Present value
of minimum
lease payments**

Amounts payable under finance leases

	R	R	R
Within one year	289 401	(240 791)	48 610
Within two to five years	437 856	(297 005)	140 851
	<u>727 257</u>	<u>(537 796)</u>	189 458
Less: Amount due for settlement within 12 months (current portion)			<u>(48 610)</u>
			140 848

	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
2010			
Amounts payable under finance leases			
Within one year	302 996	(249 391)	53 605
Within two to five years	727 258	(537 799)	189 459
	<u>1 030 254</u>	<u>787 190</u>	243 065
Less: Amount due for settlement within 12 months (current portion)			<u>(53 607)</u>
			189 458

INGWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2011

14 Categories of financial instruments

2011 Financial Year	Loans and receivables	Financial liabilities at amortised cost	Total
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<u>Current assets</u>			
Trade receivables	-	-	-
Other receivables	276 831	-	276 831
Cash and cash equivalents	52 275 627	-	52 275 627
VAT receivable	640 248	-	640 248
<u>Non-current liabilities</u>			
Finance lease liability	-	140 848	140 848
Other non-current liabilities	-	1 624 138	1 624 138
<u>Current liabilities</u>			
Trade and other payables	-	3 172 616	3 172 616
Short-term portion of finance lease	-	48 610	48 610
Unspent conditional grants and receipts	-	12 447 750	12 447 750
Provisions	-	-	-

2010 Financial Year	Loans and receivables	Financial liabilities at amortised cost	Total
<u>Current assets</u>			
Trade receivables	916 214	-	916 214
Other receivables	386 477	-	386 477
Cash and cash equivalents	42 640 480	-	42 640 480
VAT receivable	463 066	-	463 066
<u>Non-current liabilities</u>			
Finance lease liability	-	189 458	189 458
Other non-current liabilities	-	1 551 645	1 551 645
<u>Current liabilities</u>			
Trade and other payables	-	3 320 320	3 320 320

Short-term portion of finance lease	-	53 607	53 607
Unspent conditional grants and receipts	-	11 135 652	11 135 652
Provisions	-	42 680	42 680

INGWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2011

	2011	2010
	R	R
15 Property rates		
Property rates raised		
Residential, commercial and state	2 537 412	1 630 982
	2 537 412	1 630 982
Property valuations		
Residential, commercial and state	1 104 753 000	1 103 317 000
	1 104 753 000	1 103 317 000

Valuation of properties within the boundaries of the Municipal area are performed every five years. The current valuation in use came into effect on 1 July 2009, with the valuation having been performed on 02 July 2008. Interim valuations are carried out to take account of changes in individual property values due to subdivisions, property improvements etc. The most recent supplementary valuation was carried out on 30 June 2011 yielding a total property value of R1 104 753 000.

16 Service charges

Refuse removal	285 743	225 696
Other charges	-	-
	285 743	225 696

17 Rental of facilities and equipment

Hire of halls	29 011	29 315
Rentals	173 595	126 213
	202 606	155 527

18 Interest received

Interest on investment	2 716 853	2 468 728
Interest on debtor account	3 144	-
	2 719 997	2 468 728

19 Government grants and subsidies received

Equitable share	35 213 000	28 844 031
Conditional grants utilised	20 396 337	25 285 756
	55 609 337	54 129 787

19.1 National: Equitable share

Current year receipts	35 213 000	28 844 031
Transferred to revenue	(35 213 000)	(28 844 031)
	-	-

In terms of the Constitution, this unconditional grant is used primarily to subsidise the provision of basic services to the community. All registered indigents receive a monthly subsidy towards the cost of basic services, which is funded from this grant. No funds were withheld.

19.2 National: MIG Grants

Unspent at the beginning of the year	4 558 295	3 469 046
Received in current year	11 186 000	13 277 000
Conditions met - transferred to revenue	(12 871 850)	(12 187 751)
Unspent at end of the year - Refer to note 8	2 872 445	4 558 295

The MIG grant is aimed at supplementing municipal budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households and for the provision, rehabilitation and renewal of municipal infrastructure . No funds were withheld.

	2011 R	2010 R
19 Government grants and subsidies (continued)		
19.3 National: Finance Management Grant (FMG)		
Unspent at the beginning of the year	-	347 037
Received in current year	1 200 000	750 000
Conditions met - transferred to revenue	(1 200 000)	(1 097 037)
Unspent at end of the year - Refer to note 8	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). No funds were withheld.

19.4 National Department of Energy: Electrification

Unspent at the beginning of the year	2 180 690	5 847 390
Received in current year	5 000 000	-
Conditions met - transferred to revenue	(3 765 240)	(3 666 700)
Unspent at end of the year - Refer to note 8	3 415 450	2 180 690

This grant is paid by the Department of Energy for the electrification of eMasameni, Donnybrook and Xosheyakhe. No funds were withheld.

19.5 National Department of Cooperative Governance and Traditional Affairs MSIG

Unspent at the beginning of the year	-	110 169
Received in current year	750 000	500 000
Conditions met - transferred to revenue	(750 000)	(610 169)
Unspent at end of the year - Refer to note 8	-	-

19.6 Other National Grants

Unspent at the beginning of the year	103 526	1 027 448
Received in current year	103 805	
Conditions met - transferred to revenue	(103 805)	(923 922)
Unspent at end of the year - Refer to note 8	103 526	103 526

19.7 Provincial Grants

Unspent at the beginning of the year	4 132 713	6 801 690
Received in current year	2 468 631	-
Conditions met - transferred to revenue	(1 705 443)	(2 668 977)
Unspent at end of the year - Refer to note 8	4 895 901	4 132 713

19.8 Other Conditional Grants

Unspent at the beginning of the year	160 432	3 455 463
Received in current year	1 000 000	814 278
Interest received	-	21 891
Conditions met - transferred to revenue	-	(4 131 200)
Unspent at end of the year - Refer to note 8	1 160 432	160 432

INGWE MUNICIPALITY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****For the year ended 30 June 2011**

	2011	2010
	R	R
20 Other income		
Printing income	8 438	5 913
Rates clearance certificate	1 950	955
Commission received	327	604
Library	74	103
Tender documents	40 850	43 850
Sundry income	36 456	477 116
Donation Nkwezela Disaster	-	36 895
	88 095	565 437

21 Employee costs

Salaries and wages	9 157 741	7 293 336
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Contributions for Medical Aid, Pension and UIF	1 513 995	1 257 254
Travel allowances and standby allowances	465 935	391 138
Overtime	185 539	142 574
Bonus (13th cheque)	475 476	344 757
Provision for leave pay	663 036	514 607
Housing benefits	6 408	-
Provision for long service awards	62 440	40 012
	12 530 570	9 983 679

Remuneration of the Municipal Manager

Annual Remuneration	700 022	617 915
Travel Allowance	117 480	116 354
UIF contribution	1 497	1 497
Total	818 999	735 766

Remuneration of the Chief Financial Officer

Annual Remuneration	208 806	366 032
Travel Allowance	57 238	70 159
UIF contribution	749	1 373
Acting Allowance	115 659	-
Total	382 452	437 563

The CFO resigned in January 2011, there is an acting CFO

Remuneration of the Technical Manager

Annual Remuneration	499 585	394 505
Travel Allowance	44 057	43 634
UIF contribution	1 497	1 497
Total	545 139	439 637

Remuneration of the Corporate Services Manager

Annual Remuneration	343 085	323 054
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Travel Allowance	188 600	96 588
UIF contribution	1 497	1 373
Total	533 182	421 015

	2011	2010
	R	R
22 Remuneration of the Councillors		
Remuneration of the Mayor		
Annual Remuneration	355 869	340 584
Travel Allowance	135 654	129 920
Pension contribution	53 380	51 088
Cellphone allowance	34 555	17 100
Total	579 458	538 692

Remuneration of the Deputy Mayor

Annual Remuneration	260 969	272 468
Travel Allowance	99 577	103 936
Pension contribution	39 145	39 340
Cellphone allowance	33 059	17 100
Total	432 750	432 844

Remuneration of the Speaker

Annual Remuneration	167 258	149 856
Travel Allowance	63 648	56 974
Pension contribution	25 089	22 478
Cellphone allowance	22 119	10 668
Total	278 114	239 976

Total Remuneration of the Executive Committee Members

Annual Remuneration	403 687	395 926
Travel Allowance	153 823	151 032

Pension contribution	60 553	59 389
Cellphone allowance	55 548	27 768
Total	673 611	634 114

Total Remuneration of Other Councillors

Annual Remuneration	1 613 600	1 533 365
Travel Allowance	622 245	583 391
Pension contribution	225 870	213 119
Cellphone allowance	99 277	160 020
Medical aid	10 544	17 077
Total	2 571 536	2 506 972

Total Remuneration of Councillors	4 535 469	4 352 599
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The Mayor, Deputy Mayor and one Exco member are full-time. Each of them are provided with an office and secretarial support at the cost of the municipality. Councillors were paid within the Upper Limits.

INGWE MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2011

23 Depreciation and amortisation expense

	2011	2010
	R	R
Property, plant and equipment	3 185 012	3 282 958
Intangible assets	34 377	5 053
Total Depreciation and Amortisation	3 219 389	3 288 011

24 Finance costs

Finance lease	249 389	285 030
Interest paid	1 601	5 585
	250 990	290 615

25 Amortisation cost

Amortisation of trade debtors net of doubtful debtors provision	-	39 529
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26 Contracted services

Security and other services	304 060	201 939
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27 General expenses

Advertising	140 441	185 852
Accounting fees	143 356	104 676
Audit fees External	1 169 287	805 417
Bank charges	43 452	43 703
Subscriptions	291 340	97 348
Caterings	200 134	198 929
Cleaning	28 698	22 903
Computer expenses	138 521	127 370
Consultants fees	409 004	574 176
Consumables	6 514	9 948
Accommodation, training and travelling	1 543 603	975 168
Electricity	403 323	232 609
Fuel and oil	506 437	361 718
Hire of vehicles	181 509	173 823
Garden expenses	16 806	9 332
Insurance	350 599	320 864
Legal expenses	76 638	100 697
Newspapers and publi	14 651	29 786

Postage and freight	11 222	12 779
Printing and station	305 427	231 765
Protective clothing	57 098	53 895
Rent	27 060	16 127
Refuse removal	8 269	366
Sewerage disposal	4 163	6 320
Telephone	549 557	399 987
Other general expenses	316 802	709 269
Disposal site expense	2 298 961	-
Special programmes	642 025	299 978
Anti corruption meas	-	113 500
Bulwer housing proje	4 517	262 010
Centocow dining and	-	51 380
Community functions	341 121	66 308
Education support an	249 186	152 871
Emasameni electrific	471 094	3 253 239
Free basic electrici	700 040	587 646
GIS implementation e	25 948	127 372
HIV/AIDS expenses	35 400	31 330
ID document campaign	45 250	33 640
IDP review	119 124	105 180
Job evaluation	-	78 000
Internal audit and a	127 417	29 219
MPRA Service provide	109 761	-
Municipal relief fun	168 188	155 585
Perfomance managemen	-	182 160
Prognosis Ingwe	-	198 000
Organisational struc	213 554	120 000
Poverty allevation	339 004	129 139
Centocow CD	90 337	-
Policy review	-	189 000
Public participation	316 346	67 858
Railway tourism expe	44 439	203 474
Sports development	400 091	187 018
Ward committees capa	33 850	24 812

Ward committee expen	192 441	278 849
Ward fencing project	-	127 655
Township Establishment	28 509	-
Study Cemtries & Landfilsite	91 057	-
Xohleyakhe, Bulwer,Donnybrook Electrification	3 298 252	-
		376 026
Youth Development	389 985	-
Community projects	17 719 810	13 236 075

INGWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2011

	2011	2010
	R	R
28 Loss on disposal property, plant and equipment		
Proceeds on disposal of property, plant and equipment	-	13 382
Carrying value of property, plant and equipment disposed	(5 721)	(17 731)
	(5 721)	(4 349)

29 Impairment Loss
Property, plant and equipment

An impairment test was conducted on property, plant and equipment. Some assets were impaired. Accordingly, such impairment was recognised immediately to bring the previously reported carrying values to the fair value / recoverable amount.

(2 681 892)	(4 090 209)
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Impairment loss is made up as follows:

Infrastructure

Roads	48 868	1 608 541
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Taxi ranks	-	323 353
Community assets		
Community halls	2 049 491	(54 783)
Libraries	-	203 593
Public places	-	36 002
Sportfields	445 332	
Other assets		
Buildings	20 630	1 875 843
Motor vehicles	117 571	97 660
	2 681 892	4 090 209

30 Cash generated from operations

Surplus for the year	19 511 325	20 353 476
Adjustments for:		
Depreciation and amortisation	3 219 387	3 288 011
Fair value adjustment	-	2 370 720
Loss on disposal of property, plant and equipment	5 721	4 349
Finance costs	249 389	285 030
Interest paid	1 601	5 585
Impairment (gain)/loss	2 681 892	4 090 209
Interest earned	(2 719 997)	(2 468 728)
Non-current provisions	2 361 401	(140 000)

Operating surplus before working capital changes	25 310 719	27 788 653
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Increase in trade receivables from exchange transactions	(1 172 392)	(360 490)
Decrease/(increase) in other receivables from non-exchange transactions	441 902	(540 686)
(Increase)/decrease in VAT receivable	(177 182)	1 888 152
Decrease in trade and other payables from exchange transactions	(539 368)	(1 050 415)

Increase/(decrease) in unspent conditional grants and receipts	1 312 098	(9 922 587)
(Decrease)/increase in current provisions	(232 656)	359 101
Increase in current provision contract retention	384 619	-
(Decrease) / increase in current portion of finance lease liability	(4 997)	22 731
Cash generated from operations	25 322 745	18 184 458

2011
R

2010
R

31 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following:

Cash at bank	298 971	906 259
Call deposits - Stanlib Investment	7 367 208	6 909 061
- Money Market	1 456 582	33 004 584
- Investec Bank	1 349 571	1 270 240
- Investec Fixed Deposits	15 168 520	-
- Fixed Notice	600 714	578 505
- Business Fixed Maturity 74	26 034 061	-
Bank balances and cash	52 275 627	42 668 648

32 Corrections of prior year errors

32.1 Accumulated surplus

During the current financial year the municipality corrected a fundamental error. Trade payables was overstated by R 25 640 and other payables was overstated as a result of overstatement of UIF due to Councillors amounting to R 421 502. There was also roads which were taken over by the Department of Transport in the prior year but was still included as municipality's assets the loss on disposal calculated amounted to R4 951 588. The municipality also owns a land where Bulwer Taxi Rank is constructed valued at R60 000, this was not included on the municipality's books in the previous years. The fair value of these properties were adjusted in 2010 financial year as follows: Bulwer Community Hall fair value was adjusted down by R2 446 139, House no. ERF 68 fair value was adjusted up by R 5 340.94 and House no. ERF 87 was also adjusted up by R33 077.94. Accounting for depreciation for the properties reclassified from investment property for the 2010 financial year totalling R 532 340.

Reported balance as 30 June 2010

80 547 344

Creditors overstated	(25 640)
UIF due to councillors was overstated last year	(421 502)
Loss on disposal of roads derecognised in previous years	4 951 588
Bulwer rank not recognised in the asset register in previous years	(60 000)
Reversal of the fair value adjustment on Bulwer Community Hall	(2 446 139)
Reversal of the fair value adjustment on municipal house no. ERF 68	5 341
Reversal of the fair value adjustment on municipal house no. ERF 87	33 078
Depreciation on properties reclassified from investment property in 2010 financial year	532340
Reversal of accumulated depreciation on re-assessment of useful lives on assets fully	1 073 831
Provision for long service awards	149 316

Net effect on Accumulated Surplus Opening Balance

(1 644 550)

32 Correction of errors (continued)**32.2 Property, plant and equipment**

During the current financial year the municipality corrected a fundamental error. Land with a value of R 1 570 000 where there are buildings was classified as Investment Property in the previous periods instead of property, plant and equipment. Land valued at R60 000 where Bulwer Rank is constructed was omitted from the municipality's fixed asset register. Roads which were taken over by the municipality was still recorded on the municipality's fixed asset register it has a cost of R10 408 295, accumulated impairment of R1 487 439 and accumulated depreciation of R3 969 268. Bulwer Community hall with a cost of R 4 996 139 was incorrectly classified as investment in 2009 and municipal houses which houses employees was incorrectly classified as investment property in 2009

	<u>Cost</u>	<u>Accumulated depreciation/impairment</u>	<u>Net carrying amount</u>
Balance as at 30 June 2009	41 693 929	(12 958 783)	28 735 146
Reclassification of land from Investment Property	1 570 000	-	1 570 000
Land not included on fixed asset register	60 000	-	60 000
Disposal of roads - cost	(10 408 295)	5 456 707	(4 951 588)
Bulwer Community hall incorrectly classified as investment property	4 996 139		4 996 139
Municipal house no. ERF 68 was incorrectly classified as investment property	387 161		387 161
Municipal house no. ERF 87 was incorrectly classified as investment property	519 197		519 197
Restated balance as at 30 June 2009	38 818 132	(7 502 076)	31 316 056
Movement 2010			
Additions	13 084 754		13 084 754
Assets under construction	13 275 187		13 275 187

Depreciation	(3 282 958)	(3 282 958)
Impairment	(4 090 209)	(4 090 209)
Disposals	(90 251)	(112 123)
Restated balance before 2010 adjustment	65 087 822	50 190 707
Correction of error in 2010 financial year		
Bulwer Community hall - depreciation for 2010	(494 595)	(494 595)
Municipal house no. ERF 68 - depreciation for 2010	(16 123)	(16 123)
Municipal house no. ERF 87 - depreciation for 2010	(21 622)	(21 622)
Reversal of accumulated depreciation on re-assessment of useful lives on assets fully depreciated for following assets		-
Security Measures	337 611	337 611
Furniture & fittings	197 412	197 412
Office Equipment	78 654	78 654
Vehicles	268 820	268 820
Computer Equipment	19 046	19 046
Roads	76 261	76 261
Restated balance as at 30 June 2010	65 087 822	50 636 170

32.3 Trade and other payables

During the current financial year the municipality corrected a fundamental error. Trade payables was overstated by R 25 640 and other payables was overstated as a result of overstatement of UIF due to Councillors amounting to R 421 502 in the previous years.

Reported balance as at 30 June 2010

R
4 159 125

Creditors overstated
UIF due to councillors was overstated last year

(25 640)
(421 502)

Restated balace as at 30 June 2010

3 711 982

INGWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2011

32 Correction of errors (continued)

32.4 Investment Property

During the current financial year the municipality corrected a fundamental error. Land amounting to R1 570 000 with buildings on it was incorrectly classisified as Investment Property in the 2009. Bulwer Community hall with a cost of R 4 1996 139 was incorrectly classified as investment in 2009 and municipal houses which houses employees was incorrectly classified as investment property in 2009. The fair value of these properties were adjusted in 2010 financial year as follows:
 Bulwer Community Hall fair value was adjusted down by R2 446 139, House no. ERF 68 fair value was adjusted up by R 5 340.94 and House no. ERF 87 was also adjusted up by R33 077.94.

R

Reported balance as at 30 June 2010

5 639 773

Land incorrectly classified as investment property
 Bulwer Community hall incorrectly classified as investment property
 Municipal house no. ERF 68 was incorrectly classified as investment property
 Municipal house no. ERF 87 was incorrectly classified as investment property
 Reversal of the fair value adjustment on Bulwer Community Hall
 Reversal of the fair value adjustment on municipal house no. ERF 68
 Reversal of the fair value adjustment on municipal house no. ERF 87
Net effect on Investment property

(1 570 000)
(4 996 139)
(387 157)
(519 197)
2 446 139
(5 341)
(33 078)
(5 064 773)

Restated balance as at 30 June 2010

575 000

32.5 Intangible assets

During the current year the municipality corrected an error, a re-assessment of useful lives was performed on asset which have been fully depreciated.

R

Reported balance as at 30 June 2010

18 406

Reversal of accumulated depreciation on re-assessment of useful lives on assets fully depreciated

80 890

Restated balance as at 30 June 2010

99 296

32.6 Non-current provision

During the year the municipality corrected an error, a provision for long service award was not done for the previous years.

Reported balance as at 30 June 2010

126 445

Provision for long service awards

149 316

Restated balance as at 30 June 2010

275 761

**2011
R**

**2010
R**

33 Commitments

33.1 Commitments in respect of capital expenditure:

Approved and contracted

- Infrastructure
- Community assets
- Other assets

11 787 227	6 032 847
4 957 517	3 942 930
-	-
16 744 744	9 975 777

Approved but not yet contracted

- Infrastructure
- Community assets
- Other assets

14 400 000	17 500 000
18 869 000	4 800 000
8 335 269	1 718 000
41 604 269	24 018 000
58 349 013	33 993 777

This expenditure will be financed from:

- Government grants
- Own resources

22 569 000	21 875 777
35 780 013	12 118 000
58 349 013	33 993 777

33.2 Commitments in respect of operating expenditure:

-	-
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Total commitments

58 349 013	33 993 777
-------------------	-------------------

2011
R

2010
R

34 Additional disclosure in terms of Municipal Finance Management Act

34.1 Contributions to organised local government

- Subscription for the year
- Amount paid
- Unpaid at end of the year

210 000	35 616
(210 000)	(35 616)
-	-

34.2 Audit fees

Unpaid at beginning of the year	-	-
Fee for current year	1 169 287	805 417
Amount paid	(1 169 287)	(805 417)
Unpaid at end of the year	-	-

34.3 Employees tax

Unpaid at beginning of the year	-	-
Deductions for the current year	2 294 153	1 701 104
Amount paid	(2 293 861)	(1 701 104)
Unpaid at end of the year	292	-

34.4 Value added tax

Receivable at beginning of the year	463 066	2 351 218
Inputs receivable for current year	3 827 610	3 616 740
Outputs payable for current year	(58 342)	(57 623)
Vat input on accruals	162 336	0
Receipts from SARS	(3 754 422)	(5 447 269)
Receivable at end of the year	640 248	463 066

34.5 Pension and medical aid funds

Unpaid at beginning of the year	92 231	0
Contributions and deductions for current year	1 265 669	983 099
Amount paid	(1 357 900)	(890 868)
Unpaid at end of the year	-	92 231

34.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure

Opening balance -	111 184	257 197
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	(111 184)	(257 197)
Fruitless and wasteful expenditure awaiting condonement	1 601	111 184
	1 601	111 184

Incident	Disciplinary steps / Criminal proceedings
Current reporting period Fruitless and Wasteful Expenditure was interest incurred on late payment of a trade creditor of R1 601	Not applicable.

INGWE MUNICIPALITY NOTES TO THE ANNUAL FINANCIAL STATEMENTS For the year ended 30 June 2011

34.7 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance -	1 395 587	18 355
Irregular expenditure current year - SCM Deviations	541 745	1 324 707
Irregular expenditure current year - paid to suppliers in the organ of state		52 525
SCM Deviations - Written off by Council	(1 937 332)	-
Fruitless and wasteful expenditure awaiting condonement		-
	-	1 395 587

Irregular expenditure was as a result of one or two quotation being received with two of the three service providers not submitting quotations after they had been requested to do so. However appropriate deviation letters were duly prepared and signed by the Chief Financial Officer in accordance with the Supply Chain Management policy.

34.8 Councillor's arrear consumer accounts

No councillors has an outstanding arrear account in the current year.

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
As at 30 June 2011	-	-	
	-	-	-

The following Councillors had arrear accounts outstanding: -

Total	Outstanding less than 90 days	Outstanding more than 90 days
R	R	R

As at 30 June 2010

Cllr ERS Sikhakhane

Cllr DP Zaca

9 497	2 347	7 150
5 156	1 270	3 886
14 653	3 617	11 036

35 RELATED PARTIES

Members of key management.

Close family member of key management.

Post employment benefit plan for employees of municipality and / or other related parties.

No councillors were owing the municipality in the current year (refer to note 34).

Compensation to councillors and other key management (refer to notes 21 and 22).

2011
R

2010
R

36 EVENTS AFTER THE REPORTING DATE

No material fact or circumstance has occurred between the accounting date and the date of this report.

37 FINANCIAL INSTRUMENTS

37.1 Market risk

The municipality's activities expose the municipality primarily to the risks of fluctuations in interest rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Market risk exposure is measured using a sensitivity analysis. A sensitivity analysis shows how surplus, and / or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

Interest rate risk management

The municipality's interest rate profile consists of bank balances which exposes the municipality to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

Financial assets:

Bank deposits linked to South African prime rate.

Financial liabilities

Finance leases at fixed interest rates.

Management manages interest rate risk by negotiating where possible fixed rate finance leases.

Pension fund risk

In the latest available audited Financial Statement of the fund as at 31 March 2009, the fund showed a healthy financial state whereby the assets were far in excess of liabilities, therefore no pension shortfalls are foreseen in respect of the two municipal employees who are part of the fund as disclosed in the accounting policy.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

The basis points increases or decreases, as detailed in the table below were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite percentage adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been disclosed separately below.

As the municipality does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in the rates on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

INGWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2011

	2011	2010
	R	R
37.1 Market risk analysis (cont.)		
Interest rate sensitivity analysis (cont.)		
Decrease in interest rates:		
The estimated increase in basis points	-	50
Net surplus effect	-	208 671
37.2 Credit risk management		

Credit risk refers to the risk that consumer debtors will default on their obligation to settle their respective accounts with the municipality. This is an inherent risk facing not only Ingwe Municipality, but all the municipalities in the country.

Financial assets, which potentially subject the entity to credit risk, consist principally of cash and cash equivalents, short-term deposits loans and receivables, investments and trade and other receivables.

The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

The directors consider that the carrying amount of trade receivables approximates their fair.

Maximum exposure to credit risk

The municipality's exposure to credit risk with regards to receivables is effectively unlimited and this is a historical phenomenon.

The carrying amount of financial assets recorded in the which is net of impairment losses, represents the municipality's maximum exposure to credit risk.

	2011 R	2010 R
Trade receivables	2 049 895	916 214
Other receivables	276 831	454 004
	2 326 726	1 370 218

**INGWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2011**

37.3 Age analysis of financial assets that are past due but not impaired

	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 120 past due	Total
2011					
Trade receivables	129 39	623 36	606 29	633 495 3	3 738 853

2010					
Trade receivables	349	19	17 878	931	11
				2	415 667
					2 464 825

37.4 Impaired financial assets

The only financial assets that are impaired are trade receivables. Refer to the trade receivables note for analysis of the impaired receivables.

37.5 Liquidity risk management

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. In terms of its working capital management, the municipality ensures that adequate funds are available to meet its expected and unexpected financial commitments.

The following table provides detail of the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

The figures below include both estimated interest and principal cash flows of the instruments.

37.6 Liquidity risk management

	0 - 1 year	2 years	3 years	4 years and later	Total
2011					
Trade payables	2 618 990				2 618 990
Other payables (current)	553 626				553 626
Unspent conditional grants and receipts	12 447 750				12 447 750

Current portion	433 229				433 229
Other non-current liabilities		4 261 301			4 261 301
Finance lease liability		140 848			140 848
	16 053 596	4 402 149	-	-	20 455 744
2010					
Trade payables	3 356 039	-	-	-	3 356 039
Other payables (current)	355 944	-	-	-	355 944
Unspent conditional grants and receipts	11 135 652	-	-	-	11 135 652
Current provisions	286 263	-	-	-	286 263
Other non-current liabilities	-	1 827 406	-	-	1 827 406
Finance lease liability		189 458			189 458
	15 133 898	2 016 863	-	-	17 150 761

38 RETIREMENT BENEFIT INFORMATION

Ingwe Municipality provides for retirement benefits to councillors and employees, who belong to different pension schemes.

Councillors have the option to belong to the Pension Fund for Municipal Councillors.

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Superannuation and Provident Funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

Superannuation Fund is a multi-employer plans and is subject to either a tri-annual, bi-annual or annual actuarial valuation, the details of which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating municipality's.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating municipality.
- (iii) The same rate of contribution applies to all participating municipalities and no regard is paid to differences in the membership distribution of the participating municipalities.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating municipality.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R 834 136 (2010: R 658 763) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed. See note 21.

The Superannuation Pension Fund have been valued by making use of the Discounted Cash Flow method of valuation.

There is only one employee on the Superannuation Pension Fund which is a Defined Benefit Plan. Refer above for the the exemption in terms of IAS 19.30.

All other permanent employees are on the Provident Fund which is Defined Contribution plan.

39 Contingent liabilities**R 46 312**

The Municipality is aware of a pending legal claim that could result in a cash outflow. This is the case between the Municipality and Eyethu Engineers. The municipality's legal representatives are of the opinion that the Council could potentially be liable for an amount of R46 312 as a result of the pending legal action.

40 Reconciliation of budget surplus/deficit with the surplus in the statement of financial performance**Net surplus/deficit per the statement of financial performance 19 511 325**

Adjusted for :

Fair value adjustments	-
Impairments recognised	2 681 892
Deficit on the sale of assets	5 721
Depreciation	119 387
Amortisation costs	-
Decrease in government grants and subsidies	9 203 105
Over-collection in property rates	(1 106 080)
Over-collection in service charges	(85 743)
Under-collection of fines	39 165
Increase in investment revenue received	(829 997)
Under-collection of other revenue items	6 419 927
Under-spending in employee costs	(940 668)
Over-spending in remuneration of councillors	(38 842)
Decrease in bad debts	(242 878)
Over-spending in other expenditure items	2 368 683

Net surplus / deficit per approved budget**37 104 997**

**Disclosure of Grants and subsidies
in terms of Section
123 of the Municipal Finance Management Act,
56 of 2003**

Name of grant	Organ of state	Unspent at beginning of year	Received during year	Interest credited	Expended during year	Unspent at end of year	Grants and subsidies delayed/ withheld	Reason for delay/ withholding of funds	Did the municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act?	Reason for non-compliance	Reason for unspent grant at year end
		R	R		R	R					
State Housing - Bulwer project	Province of KZN	722 516				722 516	No	N/A	Yes	N/A	The balance on these funds will be utilised on phase 2 of the project. This grant is very old.
State Housing - Donnybrook project	Province of KZN	324 550				324 550	No	N/A	Yes	N/A	The balance on these funds will be utilised on phase 2 of the project. This grant is very old.

State Housing - Ngcobo's Farm project	Province of KZN	727 255				727 255	No	N/A	Yes	N/A	The balance on these funds will be utilised on phase 2 of the project. This grant is very old.
State Housing - Tar's Valley project	Province of KZN	503 003				503 003	No	N/A	Yes	N/A	The balance on these funds will be utilised on phase 2 of the project. This grant is very old.
CMIP - Bulwer housing project infrastructure	Province of KZN	15 391			15 391 227 982 114 533	0	No	N/A	Yes	N/A	
CMIP - Donnybrook water system	Province of KZN	227 982				0	No	N/A	Yes	N/A	
CMIP - Ngcobo's Farm housing infrastructure	Province of KZN	114 533				0	No	N/A	Yes	N/A	

											This balance was left over when MIG funds were referred to CMIP. The resolution was then taken to utilise this money on buying parkhome to be utilised in community creches
CMIP - Nkwezela landfill site	Province of KZN	152 136			149 795	2 341	No	N/A	Yes	N/A	
CMIP - Tar's Valley housing infrastructure	Province of KZN	88 136				88 136	No	N/A	Yes	N/A	This balance was left over when MIG funds were referred to CMIP. The resolution was then taken to utilise this money on buying parkhome to be utilised in community creches
Amakhuze biodiversity	National government	103 526				103 526	No	N/A	Yes	N/A	The grant was diverted to fund Gera Bhengu a gallery. The phase 2 of

											the gallery has commenced already and this balance will contribute towards the cost of building
Anti - corruption measures	Province of KZN	27 906				27 906	No	N/A	Yes	N/A	The grant will fund risk assessment cost at the beginning the July 2
Balance carried forward		3 006 934	0	0	507 701	2 499 233					

**Disclosure of Grants and subsidies
in terms of Section
123 of the Municipal Finance Management Act, 56 of 2003
(continued)**

		Unspent at beginning	Received	Interest	Expended	Unspent at end	Grants and subsidies delayed/	Reason for delay/ withholding	Did the municipality comply with the grant	Reason for non-compliance	Reason for unspent grant at year end
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Name of grant	Organ of state	of year	during year	credited	during year	of year	withheld	of funds	conditions in terms of grant framework in the latest Division of Revenue Act?		
Balance brought forward		3 006 934	0	0	507 701	2 499 233					
											The application has been made to COGTA to utilise this grant. A business plan has been submitted to COGTA for approval. COGTA previously had a concern over this grant
Basic bookkeeping	Province of KZN	109 575				109 575	No	N/A	Yes	N/A	
Bio-fuel / Sisonke Stimela project	Gijima LED Fund	-				-	No	N/A	Yes	N/A	
Bulwer library: furniture and equipment	Province of KZN	-				-	No	N/A	Yes	N/A	
Communication strategy	Province of KZN	35 902				35 902	No	N/A	Yes	N/A	The strategy was developed. The balance will be

											utilised to upgrade the strategy
DBSA grant - rates service providers	Province of KZN/DBSA	160 432				160 432	No	N/A	Yes	N/A	This is a v old grant, however being currently used for MPRA.
Development administration capacity building	Province of KZN	0				-	No	N/A	Yes	N/A	
DM Grant: Stimela		-				-	No	N/A	Yes	N/A	
Electrification of eMasameni	National government	2 180 690			537 048	1 643 642	No	N/A	Yes	N/A	Some sav has been made on t project an the application will be m to Nationa treasury a DME to utilise thi amount o electrifica project
Financial management	National government	0	1 200 000		1 200 000	-	No	N/A	Yes	N/A	
Geographic information system	Province of KZN	146 698			25 948	120 750	No	N/A	Yes	N/A	The municipal has engag with KwaSani Municipa on a share

											service w GIS Specialist This gran will be us on this project
Gerard Bhengu art gallery	Province of KZN	-	1 635 000			1 635 000	No	N/A	Yes	N/A	This is lo funds to f the Bheng Gallery. I has been allocated 2011/12 Financial year
Gerard Bhengu art gallery	Sisonke		1 000 000			1 000 000					This is a district gr to fund th Bhengu Gallery. I has been allocated 2011/12 Financial year
Human resource systems	Province of KZN	78 380				78 380	No	N/A	Yes	N/A	This old grant will utilised on HR and payroll module.
Indigent support	Province of KZN	0				-	No	N/A	Yes	N/A	
Induction training	Province of KZN	-				-	No	N/A	Yes	N/A	
Integrated development	Province of KZN	-				-	No	N/A	Yes	N/A	

planning											
Inter-departmental monitoring	Province of KZN	0				-	No	N/A	Yes	N/A	
Internal control and audit	Province of KZN	136 537			136 537	0	No	N/A	Yes	N/A	
Land use management system	Province of KZN	0				-	No	N/A	Yes	N/A	
Library computer project	Province of KZN	48 415	90 000		131 708	6 707	No	N/A	Yes	N/A	utilised to pay a salary for an IT employee will be topped up soon by the funders
Local government expert	Province of KZN	35 147				35 147	No	N/A	Yes	N/A	all conditions have been fully met. funds left over after payments have been made
Management assistance programme	Province of KZN	241 871			241 871	0	No	N/A	Yes	N/A	
Balance carried forward		6 180 582	3 925 000	0	2 780 812	7 324 769					

**Disclosure of Grants and subsidies
in terms of Section
123 of the Municipal Finance Management Act, 56 of 2003
(continued)**

Name of grant	Organ of state	Unspent at beginning of year	Received during year	Interest credited	Expended during year	Unspent at end of year	Grants and subsidies delayed/ withheld	Reason for delay/ withholding of funds	Did the municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act?	Reason for non-compliance	Reason for unspent grant at year end
Balance brought forward		6 180 582	3 925 000	0	2 780 812	7 324 769					
Municipal Infrastructure	National government	4 558 295	11 186 000		12 871 850	2 872 445	No	N/A	Yes	N/A	
Municipal infrastructure investment planning	Province of KZN	25 136				25 136	No	N/A	Yes	N/A	
Municipal systems improvement	National government	0	750 000		750 000	-	No	N/A	Yes	N/A	
PIMS skills development	Province of KZN	0				-	No	N/A	Yes	N/A	
Property rating	Province of KZN	310 922			102 089	208 833	No	N/A	Yes	N/A	very old grant with records, currently

											being used for MPRAs
Public participation	Province of KZN	-				-	No	N/A	Yes	N/A	
Sisonke Stimela train project	Gijima LED Fund	-				-	No	N/A	Yes	N/A	
Sports stadium	Province of KZN	-				-	No	N/A	Yes	N/A	
Township establishment	Province of KZN	60 721			33 400	27 321	No	N/A	Yes	N/A	very old grant, however a Town Planner has been appointed to manage this grant and will be utilised towards the expenses.
Local Economic Development	Province of KZN	0	400 000		199 827	200 173	No	N/A	Yes	N/A	This grant is for LED projects and strategies. It been received for the year. The strategy has now been completed.
Librarians Subsidy	Province of KZN		343 631		326 362	17 269					This grant is utilised to support the salaries of librarians and staff. It is continually being applied for.

DBSA grant - rates service providers	National government		103 805		103 805	-					very old grant, however being currently used for MPRA.
											This is a new grant. The projects that are funded by these grants are 90% complete. The application for roll over will be made to National treasury.
Xosheyakhe Electrification	National government		5 000 000		3 228 192	1 771 808					
Web site development	Province of KZN	0				-	No	N/A	Yes	N/A	
TOTALS		11 135654	21 708436	-	20 396338	12 447754					

INGWE MUNICIPALITY
APPENDIX B UNAUDITED SUPPLEMENTARY SCHEDULES
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
As at 30 June 2011

Cost or Valuation						Accumulated depreciation							Carrying value

	Openin g balance	Additio ns R	Under Constructio n R	Adjustmen ts R	Disposal s R	Closin g balanc e R	Openin g balance R	Curre nt year deprec iation R	Adjus tment s R	Disp osals R	Impai rment / (Reve rsal of Impai rment) R	Closing balance R	R
Land	1 630 000					1 630 000	0	0			0	0	1 630 000
Buildings	6 646 714	445 352				7 092 066	3 198 785	126 398	37 745		20 631	3 383 559	3 708 507
Infrastructure													
Roads	9 713 333		7 427 900	-		17 141 233 96	4 766 973	898 028	-		48 867	5 713 868	11 427 366
Streetlights	96 391	-	-	-	-	391	34 701	3 856	-	-	-	38 556	57 835
	9 809 724	-	7 427 900	-	-	17 237 624	4 901 673	88 4	0	0	48 867	5 752 424	11 485 201
Community assets													
Taxi ranks	2 027 546	-	6 521 770	-	-	8 549 316	807 865	76 730	-	-		884 595	7 664 721
Community halls	14 266 988	5 543 202	4 491 884			24 302 074	3 604 744	570 604	494 595		68 484	4 738 427	19 563 647

Libraries Public places	2 695						2 695	539	84					
	333	-	-	-	-		333	345	965	-	-	-	624 310	2 071 023
	162	27					224							
	729	081	35 081	-	-		891	86 849	9 843	-	-	-	96 693	128 198
Sports fields	1 327	1 140					6 737		79			445		
	495	656	4 268 963	-	-		115	57 913	355	-	-	332	582 599	6 154 515
Refuse site	3 235	-	-	-	-		3 235	3 235	-	-	-	-	3 235	0
	20 483	6 710					42 511	5 099	821	494		513	6 929	
	326	939	15 317 699		0	0	964	951	497	595	0	816	859	35 582 105
Other assets														
Security	627	56					762	406	66	(337				
	747	456	78 064	-	-		267	297	874	611)	-	-	135 559	626 708
Computer equipment	514	180			(46		648	269	116	(19	(41			
	592	830	-	-	704)		718	420	541	046)	567)	-	325 348	323 369
Furniture and fittings Office equipment – owned	1 105	18			(10		1 113	655	91	(197	(10			
	386	468	-	-	665)		189	302	719	412)	665)		538 944	574 245
Plant and equipment	441	33					474	353	40	(78				
	094	083	-	-	-		177	355	290	654)	-	-	314 991	159 188
Motor vehicles	423	66			(10		479	214	98		(10			
	578	298	-	-	764)		112	221	565		180)	-	302 606	176 506
Locomotive s and	3 351	962					4 300	1 787	509	(282		117	2 132	
	375	596	-	-	-		808	842	655	111)	-	571	957	2 167 852
	6 463						6 463	53	215					
	405	-	-	-	-		405	862	447	-	-	-	269 309	6 194 097

coaches													
								1					
	12 927	1 317		(68	14 241	3 740	139	(914	(62	117	4 019		
	178	730	78 064	0	133)	677	298	090	834)	412)	571	713	10 221 964
Leased assets													
Office equipment – leased	306860					306860	105917	61372			167 289		139 571
	306 860					306860	105917	61372			167 289		139 571
Total of all assets	51 803802	847402 1	22 823 663	0	(68133)	83 020 191	16 946624	3 05024 0	(3824 94.00)	(62 412)	70088 6	20 252844	62 767 347

INGWE
MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
UNAUDITED SUPPLEMENTARY SCHEDULE
APPENDIX B(2): ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
For the year ended 30 June 2011

	<u>2011 Actual R</u>	<u>2011 Budget R</u>	<u>Variance R</u>	<u>Percentage %</u>	<u>Explanation of variances greater than 5% (brackets denote underspending)</u>
Infrastructure					
Roads	4 487 128	12 500 000	8 012 872	64%	The construction of internal roads is behind the schedule, due to the contract numerous challenges on site. Upgrade and Asphalt surfacing of Bulwer, Cre Donnybrook roads is progressing very slow. A warning letter has been sent
Taxi ranks	3 276 000	3 276 000	0	0%	
Electrification	3 228 192	5 408 000	2 179 808	40%	The Project is progressing well, delays has been caused by road construction also a delay by Eskom to issue the Outage Notice
	<u>10 991 320</u>	<u>21 184 000</u>	<u>10 192 680</u>		
Community assets					
Community halls	4 934 690	8 380 000	3 445 310	41%	The funds to construct Esidangeni and Bazini Hall were approved during the budget. The SCM process has delayed the starting time of the project Slow progress has been caused by suppliers facing numerous challenges on s Sportfield the Contractor has requested to subcontract the remaining work as undergoing cash flow problems. At Bhobhoyi Sportfield plant has been remo labours do not report on site leading to less productive work
Public places		-	-	0%	
Sports fields	1 658 268	3 100 000	1 441 732	47%	
Creches					
	<u>6 592 958</u>	<u>11 480 000</u>	<u>4 887 042</u>		
Other assets					
Buildings	445 352	634 620	189 268	42%	One of four parkhome purchased during the year has not been delivered on t conditions
Security		0	0	100%	
Computer equipment	180 830	-	(180 830)	-100%	Computer equipment budget residing under the Office Equipment budget.
Furniture and fittings	18 468	-	(18 468)	-100%	Furniture and Fittings budget residing under the Office Equipment budget.

Office equipment	33 083	286 000	252 917	88%	In total over-expenditure on this budget is only R12 679 which not considered
Plant and equipment	66 298	-	(66 298)	-100%	Computer equipment budget residing under the Office Equipment budget.
Motor vehicles	962 596	1 100 000	137 404	12%	New mayoral vehicle not acquired. Will be purchased during the 2011/12 year
	1 706 626	2 020 620	313 994		
Total of all assets	19 290 904	34 684 620	15 393 716		

**APPENDIX C: DETAILED SCHEDULE OF CONDITIONAL GRANTS
AND RECEIPTS
UNAUDITED SUPPLEMENTARY
SCHEDULE
For the year ended 30 June 2011**

		Unspent at	Received	Interest	Expended	Unspent at end
--	--	---------------	----------	----------	----------	-------------------

Grant name	Organ of state	beginning of year	during year	credited	during year	of year
		R	R		R	R
State Housing - Bulwer project	Province of KZN	722 516				722 516
State Housing - Donnybrook project	Province of KZN	324 550				324 550
State Housing - Ngcobo's Farm project	Province of KZN	727 255				727 255
State Housing - Tar's Valley project	Province of KZN	503 003				503 003
CMIP - Bulwer housing project					15	
infrastructure	Province of KZN	15 391			391	0
					227	
CMIP - Donnybrook water system	Province of KZN	227 982			982	0
CMIP - Ngcobo's Farm housing					114	
infrastructure	Province of KZN	114 533			533	0
					149	
CMIP - Nkwezela landfill site	Province of KZN	152 136			795	2 341
CMIP - Tar's Valley housing						
infrastructure	Province of KZN	88 136				88 136
	National					
Amakhuze biodiversity	government	103 526				103 526
Anti - corruption measures	Province of KZN	27 906				27 906
Basic bookkeeping	Province of KZN	109 575				109 575
Bio-fuel / Sisonke Stimela project	Gijima LED Fund	-				-
Bulwer library: furniture and equipment	Province of KZN	-			-	-
		35				
Communication strategy	Province of KZN	902				35 902
	Province of	160				
DBSA grant - rates service providers	KZN/DBSA	432				160 432
Development administration capacity						
building	Province of KZN	0				-
DM Grant: Stimela		-				-
					537	
Electrification of eMasameni	National	2 180 690			048	1 643 642
	government				1 200	
Financial management	National					
	government	0	1 200 000		000	-

Geographic information system	Province of KZN	146 698		25	
			1 635	948	120 751
Gerard Bhengu art gallery	Province of KZN	-	000		1 635
			1 000		000
Gerard Bhengu art gallery	Sisonke		000		1 000 000
Human resource systems	Province of KZN	78 380			78 380
Indigent support	Province of KZN	0			-
Induction training	Province of KZN	-			-
Integrated development planning	Province of KZN	-			-
Inter-departmental monitoring	Province of KZN	0			-
Internal control and audit	Province of KZN	136 537		136	0
Land use management system	Province of KZN	0			-
		48	90	131	
Library computer project	Province of KZN	415	000	708	6 707
		35			
Local government expert	Province of KZN	147		-	35 147
				241	
Management assistance programme	Province of KZN	241 871		871	0
	National		11 186	12 871	
Municipal infrastructure	government	4 558 295	000	850	2 872 445
Municipal infrastructure investment planning	Province of KZN	25			
		136			25 136
	National		750	750	
Municipal systems improvement	government	0	000	000	-
PIMS skills development	Province of KZN	0			-
Property rating	Province of KZN	310 922		102	
				089	208 833
Public participation	Province of KZN	-			-
Sisonke Stimela train project	Gijima LED Fund				

		-			-
Sports stadium	Province of KZN	-			-
Township establishment	Province of KZN	60 721		33 400	27 321
Vuna award prize money	National government	0			-
Web site development	Province of KZN	0			-
			400	199	200
Local Economic Development	Province of KZN		000	827	173
			343	326	17
Librarians Subsidy	Province of KZN		631	362	269
	National government		103	103	
DBSA grant - rates service providers	National government		805	805	-
			5 000	3 228	1 771
Xosheyakhe Electrification	government		000	192	808
		11 135 654	21 708 436	-	20 396 338
					12 447 751

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON INGWE MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Ingwe Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages xx to xx.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DORA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on the financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010* issued in *Government Gazette No. 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ingwe Municipality as at 30 June 2011 and its financial performance and its cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter

Restatement of corresponding figures

9. As disclosed in note 33 to the financial statements, the corresponding figures for the year ended 30 June 2010 have been restated as a result of errors discovered during 2010-11 in the financial statements of the Ingwe Municipality at, and for the year ended, 30 June 2011.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Material inconsistencies in other information included in the annual report

11. I have not obtained the other information included in the annual report for my review and have not been able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

12. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010* issued in *Government Gazette No.33872 of 15 December 2010*. I include below my findings on the annual performance report as set out on pages ... to ... and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Usefulness information

14. The following criteria is relevant to the findings below

- Measurability: Indicators are well-defined and verifiable, and targets are specific, measurable and time bound.
- Consistency: Objectives, indicators and targets are consistent between planning and reporting documents.

15. The following audit findings relate to the above criteria:

Planned and reported targets are not measurable and time bound

16. For the selected objectives, 69% of the planned and reported targets were not measurable in identifying the required performance.

17. For the selected objectives, 69% of the planned and reported targets were not time bound in specifying the time period or deadline for delivery.

Reported targets are not consistent when compared with the planned targets

18. For the selected objectives, 79% of the planned and reported targets were not consistent with the Service Delivery Budget Implementation Plan (SDBIP).

No budget allocation per development priority/objective noted in SDBIP

19. For the selected objectives, 79% of the programs did not have a budget allocation noted in the SDBIP.

Reliability of information

20. The following criteria are relevant to the findings below:

- Validity: Actual reported performance has occurred and pertains to the entity
- Accuracy: Amounts, numbers, and other data relating to reported actual performance have been recorded and reported appropriately
- Completeness: All actual results and events that should have been recorded have been included in the annual performance report

21. The following audit findings relate to the above criteria:

Reported performance against targets is not valid, accurate and complete when compared to source information

22. For the selected objective, 33% of the reported targets were not valid, accurate and complete based on the source information or evidence provided.

Compliance with laws and regulations

Annual financial statements

23. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1)(a) of the MFMA . Material misstatements of property plant and equipment were identified by the auditors and subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

24. Bid specifications were not always drafted by bid specification committees which were composed of one or more officials of the municipality, as required by Municipal SCM Regulation 27(3).

Internal audit

25. The internal audit unit did not function as required by section 165(2) of the MFMA, in that, Internal audit did not advise the accounting officer and report to the audit committee on matters relating to internal audit, internal controls and loss control and compliance related matters.

INTERNAL CONTROL

26. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies regarding the findings on the annual performance report and the findings on compliance with laws and regulations.

Leadership

27. The accounting officer and audit committee did not perform adequate oversight to ensure that internal audit is adequately resourced in order to fulfil their legislated responsibilities.
28. The municipal council did not exercise oversight over the preparation of the Integrated Development Plan (IDP) to ensure that it contains targets which are specific, measurable and time-bound and consistent with those in the annual performance report.

Financial and performance management

29. The acting chief financial officer has not developed and implemented a compliance checklist.
30. The accounting officer did not implement controls to ensure that documents and records such as schedules and reconciliations, supporting the performance report, are properly filed and easily retrievable and are available for audit purposes.

Pietermaritzburg

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Chapter 5 PERFORMANCE AUDIT COMMITTEE REPORT

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE 2010/11 FINANCIAL YEAR

The report of the audit and performance audit committee (APC) to the Council of Ingwe Municipality

Background

The Ingwe Municipality has an Audit Committee as prescribed by the Municipal Finance Management Act, Chapter 14, Section 166(1), that serves the purpose of being an independent advisory body to the Council, Political Office Bearers, Accounting Officer, Management and Staff, thereby assisting Council in its oversight role. The role, functions and authority of the Audit Committee are prescribed in terms of Section 166(2) of the Act.

Purpose

The purpose of this report is to inform the Council of Ingwe Municipality of some of the matters that have been brought before it, and upon which it has deliberated. Therefore this report seeks to communicate our view on such matters to Council.

Matters discussed

Risk Management

Our review of the risk management regime indicated that certain strategic plans/policies are either not in place or not implemented. Key amongst those are: -

- Anti-fraud and corruption plan
- Disaster Recovery and Business Continuity Plan

Our recommendation: As part of the Council's risk mitigating strategy these plans should be immediately put in place and management should continually review these for effectiveness. The onus is on management to continuously scan the environment in which the organization operates for any emerging risks. This is achieved via the control and self-assessment exercise that is carried out annually.

Financial Management Reports

Since the departure of the Chief Financial Officer (December 2010) the financial management reports from the Budget and Treasury Office have not been regularly made available to the Committee. This includes the quarterly financial statements that the CFO was beginning to produce, so as to make the compilation of annual financial statements an automatic product of that process. This somehow increased the risk around the production of annual financial statements for the year ended 30 June 2011, which ultimately led to the appointment of a quality assurance provider to assist on those financial statements. We were therefore not able to review aspects of debt and credit management; cash flow management; grant spending etc.

Our recommendation: The work done by the Acting Chief Financial Officer is acknowledged and appreciated. In future such critical posts should not be left vacant for long periods. All attempts should be made to fill the vacancy even if it is on a short-term contract basis.

Performance Management

The performance assessment committee did the fourth quarter performance assessment on S57 Managers. One S57 Manager i.e. Infra-structure Development was not assessed due to ill health. After verification by the Internal Auditor this will be tabled to the audit and performance audit committee for ratification. This should be in line with the overall organizational performance.

Our recommendation: If the council deems affordable, then good performance should be incentivized whilst remedial action should be sought for poor performance.

Supply Chain Management

The review of the supply chain management processes revealed a lot of control weaknesses. These start from the supply chain management policy which appears to have been amended twice during the year leading to contradictions; bid specification committee not in existence for a part of the year; weak controls around bid documentation etc. The Auditor General has also previously raised concerns around the supply chain management environment in the municipality. Most of these situations where the SCM policy is overridden lead to what the AG considers as unauthorized expenditure.

Our recommendation: Management should provide responses to the internal audit queries raised so that the Audit Committee can advise accordingly. In addition proper Procurement Plans should be developed and submitted to council together with the capital budget that should guide the municipality in terms what gets procured when, as lack of planning more often leads to "short-circuiting" the SCM processes.

Annual Financial Statements

The annual financial statements for the year ended 30 June 2011 were reviewed by the committee prior submission to the Auditor General in a meeting held on the 23 August 2011 in Himeville. The financial statements were still in draft. Concerns were raised and adjustments were proposed to the financial statements. Pending the return of the Acting CFO to provide further information, these proposals were accepted and to be effected before financial statements were to be signed off and submitted to the AG.

Our recommendation: Subject to the proposed changes being effected, the Annual Financial Statements were accepted as correct and ready for submission.

Conclusion

The Committee wishes to extend a word of gratitude to Council, Management and staff for their continued support.

Chairperson
Ingwe Audit Committee
7 September 2011

Chapter 6

ANNUAL PERFORMANCE REPORT

PROJECT	CURRENT STATUS	CAPEX	OPEX	REVENUE	KPI: OUTPUT	KPI: OUTCOME	% TARGET ACHIEVED	CHALLENGES	IMPROVEMENT MEASURES
IDP	11/12 IDP Completed , Approved by Council & Submitted to COGTA		Nil	Nil	Credible IDP	Ensure implementation of the IDP	100%	Sector involvement & poor attendance from Govt Departments	Establish Ingwe's IDP Representative Forum to ensure participation
PMS	PMS Framework Plan is completed		Nil	Nil	Align PMS with the National KPA	Implement PMS Framework	The target for the year has been achieved	Alignment of the PMS & SDBIP is still required	To revisit the Municipal Budget during the review
Annual Report 09/10	Completed Annual Report for the 09/10		Nil	Nil	Annual Report	Ensure transparency & accountability	100% target achieved	More improvement in the annual report	Workshop for the person in charge will be effected in 2011/12
Audit Committee	Audit Committee is in place		Nil	Nil	Audit Committee	Functional Audit Committee	Audit Committee established	To fully embrace the legislated role of internal audit unit & the audit committee	To fully embrace the services of the internal audit unit & the audit committee
HR practices	Functional Manco meetings		Nil	Nil	Regularly hold Manco meetings	Functional Manco	Yes	N/A	N/A
Oversight	Functional Council		Nil	Nil	Quarterly hold Council Meeting	Functional Council	Yes	N/A	N/A
	Functional EXCO		Nil	Nil	Regularly hold Exco Meeting	Functional Exco	Yes	N/A	N/A

a) Manager: Finance (Budget & Treasury Office)

This department is responsible for the municipal budget, financial management and its related functions, e.g revenue collection, supply chain management etc.

PROJECT	CURRENT STATUS	CAPEX	OPEX	REVENUE	KPI:OUTPUT	KPI:OUTCOME	% TARGET ACHIEVED	CHALLENGES	IMPROVEMENT MEASURES
MPRA	Updated valuation roll		Nil		Annually review valuation roll	Compliance with the Municipal Property Rates regulations	Valuation Roll completed	Non-Payment	Demand letters are written & follow up calls
Asset & Liability Management	Fixed Asset Register & Policy is in place		Nil	Nil	Quarterly update Asset register	Updated asset register	100% achieved	Nil	Nil
Financial Plan	Financial Plan for 2011/12 has been completed & adopted		Nil	Nil	Review Financial Plan annually	To ensure sound financial management	100% achieved	Nil	Nil
Budget Statements	12 budget statements completed during the 2010/11		Nil	Nil	To produce section 71 reports	To ensure sound financial management	100%	Nil	Nil

SDBIP	SDBIP for 2011/12 has been completed		Nil	Nil	To ensure that the SDBIP is completed	To ensure sound financial management	100%	The SDBIP still require some intervention in order to ensure alignment	The strategic session for the alignment purposes will be effected during the 2011/12
Financial Statements	Financial statements completed & submitted by the 31 August		Nil	Nil	To ensure that the financial statements are submitted on or before the 31 st of August	To ensure sound financial management	100%	Nil	Nil
Indigent policy & register	Indigent policy & Application forms is in place		Nil	Nil	Indigent register	Annually update indigent register	Indigent policy is implemented & Application forms have been collected	Settlements pattern (Wards are too far in order to verify data)	Nil
Electronic Supplier Database	Electronic supplier database is in place		Nil	Nil	Electronic supplier database	Updated electronic supplier database	Ongoing	Suppliers are not specialising in one services provision	Nil

Debt Collection	Dept collection policy is in place		Nil		Monthly billings	To improve revenue collection	100% achieved regarding the rand value targeted for the year	Payment resistance from Government Departments & some Communities	Demand letters are written & follow up calls
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b) Manager: Corporate Services and Social Development

It renders operational support and is responsible for corporate governance, general administration, and management. It is also responsible for the promotion and provision of public safety through law enforcement in roads & traffic, business operations, policing etc. This department also deals with the provision of social services to the community such as, sports and recreation, HIV/AIDS awareness campaigns, amenities etc

PROJECT	CURRENT STATUS	CAPEX	OPEX	REVENUE	KPI:OUTPUT	KPI:OUTCOME	% TARGET ACHIEVED	CHALLENGES	IMPROVEMENT MEASURES
LED	Draft LED Strategy		Nil	Nil	Review LED Strategy	Reviewed LED Strategy	100%	N/A	N/A
HIV / AIDS	Staff awareness campaign		Nil	Nil	Conduct staff awareness campaign once a year	Knowledgeable & informed staff	0%	Nil	Nil
Facilities & Halls	Updated record book		Nil	Nil	Quarterly update record book	Well established system to record all bookings	100%	Nil	Nil

Libraries	Wheelie Wagon promote reading is in place		Nil	Nil	Promote reading within communities through Wheelie Wagon	Knowledgeable communities	100%	Laziness in reading	Wheelie Wagon initiatives will continue to be implemented in order to encourage reading within the communities
Sport, Art & Culture	Mayoral cup took place		Nil	Nil	Mayoral cup	Improve sports activities & competency	100%	Nil	Nil
	KWANALOGA games took place		Nil	Nil	Successful KWANALOGA games	Improve all sports codes and ensure competency	100%	Delegates don't pitch at the venue.	Improve attendance.
PROJECT	CURRENT STATUS	CAPEX	OPEX	REVENUE	KPI:OUTPUT	KPI:OUTCOME	% TARGET ACHIEVED	CHALLENGES	IMPROVEMENT MEASURES
Human Resources	12 policies were adopted		Nil	Nil	Adopt the appropriate policies	Implement municipal policies	100%	Nil	Nil
Information Technology (IT)	Completed municipal website	30 000	Nil	Nil	Regular update the municipal	Updated municipal website	100%	Nil	Nil

					website				
Municipal libraries	Municipal libraries are functional		Nil		Functional libraries	To ensure information & knowledge is spread throughout	100%	Nil	Nil
Ward Committees	In Place and functional		Nil	Nil	Quarterly hold ward Committee Meetings	Functional Ward Committees	100%	Nil	Nil
Works Skills Plan	WSP is in place		Nil	Nil	Prepare skills development plan	To improve internal staff capacity (human resources)	100%	Nil	Nil
Organisational structure	Adopted Organogram 11/12	Nil	Nil	Nil	Annually review Organogram	Capacitated institutional strategies	100%	Nil	Nil

c) Manager: Infrastructure Planning and Development

This department is responsible for new infrastructure developments (civil, structural, etc), coordination of housing development; local economic, rural development and provision of basic services to the community.

PROJECT	CURRENT STATUS	CAPEX	OPEX	REVENUE	KPI:OUTPUT	KPI:OUTCOME	% TARGET ACHIEVED	CHALLENGES	IMPROVEMENT MEASURES
Kilmon & Maqubeni Sport fields	The sportfields were functional complete by 2010/11		Nil	Nil	Completed Sportfields	Accessible & Functional Sportfields to the communities	100%	Nil	Nil
Bhobhoyi & Solokohlo Sportfields	50% work done for both sportfields		Nil	Nil	Completed sportfields	Accessible & Functional Sportfields to the communities	More than 50% construction work done		The municipality will ensure that the projects are completed during the 2011/12 financial year
Junction, Deepdale, Ngudwini & Qulashe Community Halls	The 4 community halls are completed		Nil	Nil	Completed community halls	Accessible & Functional community halls	100%	Qulashe community hall is a carryover from 2009/10	The community halls for the 2010/11 were all completed on time
Esidangeni & Bazini Community halls	Completed designs for the 2 community halls		Nil	Nil	To complete designs for the 2 community halls	Accessible & Functional community halls	100%	Nil	It should be noted that the two halls were added during the mid year review that took place in January 2011

Bulwer & Kilmon Taxi Ranks	The 2 Taxi Ranks are completed	7 000 000	Nil	Nil	Completed Taxi Ranks	Accessible public facilities (Taxi Ranks)	100%	Bulwer & Kilmon were the carryover from 2009/10	The 2 Taxi Ranks have been completed in 2010/11
Cemetery & Landfill Study	The report that identifies suitable land is completed		Nil	Nil	Completed report regarding the suitable land	Healthier municipal environment	100%	Nil	The project is still going to role over into 2011/12 i.e. land availability is still due
Electricity	498 connections for Bulwer & Donnybrook are completed		Nil	Nil	To increase the number of connections to 598 households	To ensure that the households have access to electricity	83% achieved		The IPD will ensure that the outstanding 100 households connections for Xosheyakhe will be completed in 2011/12 (carryover)
	4198 HH's have access to Free Basic Electricity		Nil	Nil	To ensure that indigent HH's have access to electricity	To ensure that the households have access to electricity	100%	It is almost impossible to update the indigent register on yearly basis due to the capacity constraints	The municipality will annually update the indigent register even though the capacity is indeed a constraint

Ngobos housing Farm	Planning stage awaiting approval of re alignment by DOHS		Nil	Nil	To construct Ngcobo housing project	To construct 160 houses	Awaiting approval of re alignment by DOHS	No clear implementation guidelines Continuous changing of housing policy	Engaging DOHS for alignment of housing subsidy
Tarrs Valley	146 houses completed of 227, currently awaiting re alignment		Nil	Nil	To construct outstanding houses	To complete 227 houses	146 houses has been completed	No clear implementation guidelines Continuous changing of housing policy	Engaging DOHS for alignment of housing subsidy
Waste Removal	894 households have access to waste removal & this also includes businesses	Nil	Nil	Nil	To ensure waste removal in Bulwer, Donnybrook Creighton & Centocow	To ensure promotion & maintenance of clean & healthy environment	Yes, the Planning Scheme is currently being aligned	PDA is a new Legislation	Attending PDA Training sessions

Roads & Stormwater	0.9 Km new gravel has been constructed (Nyazi Road)		Nil	Nil	To construct 2 Km of new gravel road	To ensure that communities have access to the road	60% achieved		The IPD will ensure that the 2Km new gravel is completed during the 2011/12 (carryover)
	1.5 km of new tarred road has been constructed		Nil	Nil	To construct 4Km's of new tarred roads for Bulwer 1Km, Donnybrook 1Km & Greight on 2km	To ensure that communities have access to the road	38% achieved		The IPD will ensure that the 4Km new tarred roads are completed during the 2011/12 (carryover)

